

## The Sports Council Trust Company

Company number 2517615

Charity number 803779

[A subsidiary company of The English Sports Council]

## Annual Report and Accounts

For the Year Ended 31 March 2021

HC 353

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Charity number 803779

[A subsidiary company of The English Sports Council]

## **Annual Report and Accounts**

**For the Year Ended 31 March 2021**

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 2021.**

## **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). It is governed by its Memorandum and Articles of Association and is a registered charity with the Charity Commission (Charity number 803779).

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

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

### **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 ending 31 March 2021 the Board met four times.

The Board is composed of a Chair and three Trustees as of 31 March 2021. You can find more details about each Trustee on page 10.

The Chair is responsible for the management of the Charity's operations. In order to ensure we're best placed to meet our strategic goals, the Chair delegates authority for the day-to-

day administration to officers of Sport England. This is done through Service Level and Agency Agreements (SLA) that include the provision of staff to manage the operational contracts of the National Sports Centres (NSCs). This means that the Charity has no employees.

### **Objectives and Activities**

The Charity was founded to preserve and safeguard the physical and mental health of communities across the UK. We do this by promoting physical recreation (including sports) and education, as well as providing facilities that are available to members of the public.

During 2020/21 the Charity focused on:

- Increasing participation in sport and physical activity by providing a range of activity opportunities to the public through the NSCs
- Creating, improving and maintaining world class training facilities at the NSCs
- Ensuring that the NSCs continue to promote holistic sports development programmes
- Safeguarding the NSCs' from the impact of Covid-19
- Awarding grants to local sporting and community organisations
- Monitoring the performance of our 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.

## Our strategy

We achieve our public benefit purpose through the management and operation of facilities that every member of the community can benefit from.

During the year, the Charity continued to own three NSCs:

- Bisham Abbey (Bisham)
- Lilleshall National Sports Centre
- Plas y Brenin the National Centre for the Outdoors (PYB)

We also own the Redgrave and Pinsent Rowing Lake (the Rowing Lake), which is currently leased to British Rowing.

These four facilities are uniquely placed to help us achieve our primary goal of helping members of the public play more sport and enjoy the many benefits of regular physical activity. By giving people access to high quality sports facilities, we are helping make communities happier, healthier and better connected. The NSCs also provide elite sports men and women a world-class place to train for international sporting competitions, helping to further increase the sporting prestige of the UK around the world.

We have four main strategic objectives:

- Support the delivery of a National Governing Body-driven sporting system which can accommodate and develop talent at **community, club and elite level**
- Enhance talent development and world class performance by providing a mix of high-quality sports facilities and support in a **unique sporting environment**
- Foster effective **coach development, research, innovation and inspiration** by delivering programmes and activities that have a significant impact on sporting activities and its availability

- Ensuring **effective operation** of the NSCs, through the development of commercial and community participation activities, without impacting our ability to achieve our other objectives.

We deliver against our four objectives through management contracts let in 2011, which run for a 15-year period. The Charity's Board oversaw the tendering process and letting of the contracts while the Sport England Board gave approval for us to enter the contracts in 2011. Bisham and Lilleshall are operated on behalf of the Charity by Serco Leisure. Plas y Brenin is operated by Mountain Training Trust (MTT).

## The National Sport Centres

Our NSCs and Rowing Lake are unlike other facilities in the UK's sporting landscape. They not only provide world class training facilities for the country's Olympic and Paralympic athletes; they also provide the places and spaces for local communities to be active and participate in sport and physical activity.

As active environments, the NSCs are recognised nationally, and increasingly internationally, as examples of best practice for integrating sport and physical activity with other services like health, education, and training. They're not just about providing a place to train, but a hub for community activity.

Our NSCs are an important part of Sport England's reputation as a leader across the sport and leisure sector. Sport England's role as the client of three sector leading facilities (on behalf of The Sports Council Trust Company) provides credibility within the market. This is particularly true in relation to Sport England's strategic role working with Local Authorities, Trusts, and Operators to drive continual improvement in local leisure provision. This role was critical during

## Trustees' Report

2020/21 as public leisure provision was severely impacted by the Covid-19 pandemic. The NSCs' formed part of Sport England's strategic response providing leadership and best practice to support public leisure services during the pandemic.

This kind of collaboration is a crucial part of what makes the NSCs so special. They are a leading example of partnership and cross sector/partner relationships working towards shared strategic objectives and local outcomes. Our partners consistently reference the strength of the partnership to help them achieve their own objectives – contributing to Sport England's wider role in supporting the sector and encouraging collaboration to maximise local community outcomes.

As part of the Elite Training Centre network, the NSCs are among the 18 Centres that host world class Olympic and Paralympic programmes. The partnership of National Governing Bodies (NGBs), English Institute of Sport (EIS), UK Sport and Sport England works together and makes the country's elite training environments more effective, contributing to a more sustainable elite sport system.

The NSCs continue to push boundaries and drive innovation in order to establish if they can be replicated and significantly impact the sporting landscape. During 2020/21 the NSCs played a crucial role assisting Sport England to support public sector leisure provision, local authorities and operators tackle Covid-19, providing best practice examples and guidance to help local authorities protect vital public leisure services across the country.

The four NSCs that are owned by the Charity are:

### **Bisham Abbey**

Based in Berkshire, Bisham is a compact site which accommodates a range of water sports, football, rugby, tennis, hockey and public community use.

It features community fitness centre, studios and health suite, squash courts, indoor and outdoor tennis courts, two grass pitches, two artificial pitches and an elite strength and conditioning gym and Intensive Rehabilitation Unit operated by EIS.

The site is supported by modern accommodation, catering facilities and a 12<sup>th</sup> century Abbey which forms the centrepiece of the site. It is home to England Hockey, EIS, Living Tennis, FAB Academy, British Rowing and extensively used by the local community.

### **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, gymnasium, nine natural turf football pitches, two artificial grass pitches and an EIS strength and conditioning area.

Supporting the sports facilities, Lilleshall has over 250 modern bedrooms and catering facilities for use by members of the public and athletes. A dedicated modern office building co-locates several NGB Head offices including British Gymnastics, EIS and British Archery. The centre is home to partners including GB Hockey, Home Office, the Royal British Legion, Crossbar Coaching and extensively used by the local community.

In February 2021, the Charity purchased the freehold property, Gainham's Lodge, located within the grounds of the Lilleshall National Sports Centre (Financial review, page 8). The

## Trustees' Report

strategic objective of the purchase was to gain full control of the site to allow for redevelopment to increase capacity and improve the quality of provision for community and elite sport and reduce the operational subsidy provided by Sport England.

### Plas y Brenin

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 outdoor activities. The centre's facilities include two climbing wall areas, an abseil tower, canoe training pool and a low rope course. The centre is an important resource for the British Mountaineering Council, Birmingham City University, GB Orienteering, British Cycling and the University of Central Lancaster.

### Redgrave and Pinsent Rowing Lake

Transferred to ownership of the Charity in 2006, the facility is a purpose built, internationally recognised 2,100m rowing lake set on the River Thames. The facilities include clubhouse, boat store, gymnasium, offices, catering and conferencing facilities.

British Rowing leases the Rowing Lake and boathouse from us and undertakes an extensive programme of rowing development and training. The facility continues to be the single most important factor underpinning the training and preparation for the GB Rowing Team for major International competition.

### Coronavirus Pandemic Response

Covid-19 has had an unprecedented and immediate impact upon participation and financial performance of all the NSCs during 2020/21. This has significantly restricted our ability to deliver against our strategic objectives during the year.

The most significant constraint was the continued uncertainty around Covid-19 restrictions. National lock downs and national and local 'tiered' restrictions constrained service delivery throughout the year. The nature of these measures had significant implications for both the 'supply' in terms of the opening and capacity of the NSCs and the 'demand' in terms of customer and partner confidence to return and whether facilities would be open and available.

Bisham and Lilleshall were able to open from 25 July for both community and elite use and the introduction of tiered restrictions in October still allowed both the community and elite activity to continue. Both NSC's were closed during the second National lockdown for community use. However, elite athletes were granted dispensation and Sport England, Serco, EIS and the NGB's worked closely to continue to provide a daily training environment for all Olympic and Paralympic programmes.

Bisham and Lilleshall were successfully reopened on the 3 December 2020. Return to Play plans were implemented successfully with the sites again providing facilities and services for community users in addition to the NGB World Class Programmes.

The third lockdown from 5 January meant the closure of the centres to community use while elite activity could continue with dispensation for elite athletes remaining.

PYB was only open between 13 July and 22 October during the year. The activity during this period was reduced due to the higher tier

## Trustees' Report

levels in the north of England forcing courses to be cancelled or postponed. It was agreed for PYB to remain closed after the second lockdown which ended in early December 2020 with only some off-site activity being undertaken by the team.

A pragmatic and collaborative approach was considered by the Charity and Sport England as the most appropriate way to respond to the unprecedented impact placed upon the NSC contracts and the operators themselves. The instruction to close all leisure centres made by the Government on 20 March 2020 was a qualifying change of law and placed the responsibility for the financial impact of the facility closure with the Charity.

All parties approached discussions positively with a focus on understanding impact, mitigation measure and identifying how all parties could contribute to supporting the NSCs during the pandemic.

Options to respond to the impact of Covid-19 were limited. Without financial support the operating contracts were at risk of financial failure with a real prospect of the NSCs facing a prolonged period of closure. The ability to remobilise contracts would be complicated, costly and time consuming, anywhere between 6 and 18 months before the facilities would again be open to the public. This would have a devastating effect on participation levels, outdoor sector support and world class training programmes at a time when the benefits of sport and physical were never so apparent and essential to contribute to the nations recovery from Covid-19.

A negotiated position which protected the NSC assets, the operators and mitigated the cost to the Charity and Sport England as much as possible was reached. This approach provided immediate financial reassurance to the operators but also a

flexible approach to respond to the fast-changing circumstances to protect NSCs. As a result, financial assistance of £2.3m (2020: £360k) was provided by Sport England to the operators of the NSCs'.

The postponement of the Tokyo Olympics and Paralympics by a year to 2021 has put significant pressure upon the elite sports system. The NSCs will play a crucial role in providing a daily training environment for Team GB and Paralympic GB athletes as they continue to prepare for the Games.

Sport England has provided within its budgets for 2021/22 a further £1.3m of financial assistance to the operators to support the reopening in line with the roadmap announced by Government in February 2021.

### Principal Risks and Uncertainties

We identify and review the major risks at every Board meeting using a formal risk register to ensure all reasonable steps are taken to mitigate the risks identified. Our risk strategy sets out our approach to risk, including the levels of risk we're willing to accept in order to achieve our organisational goals. A dynamic approach to reviewing risk was continued this year, allowing us to add, amend and close risks as appropriate.

Our risks are focused on strategic matters. The management of these operational risks is delegated to officers of Sport England through the SLA. We consider the following risks to be the most significant:

- The management contractors we engage to operate the NSCs may underperform and fail to meet agreed sporting outcomes and financial targets. This risk rating escalated significantly due to Covid-19 (see below) and the failure of the operators is considered our most



## Trustees' Report

significant risk due to the potential inability to find alternative providers at this time.

- Suppliers unable to fulfil contractual obligations in managing the NSCs' as a result of wider commercial pressures brought about by Covid-19 / wider economic downturn and impacts on the leisure sector.
- Growing demands on Sport England's budget (including those resulting from Covid-19) mean less capital funding available to invest in the National Centres.
- Health and safety, and safeguarding issues resulting from the public use of our facilities.
- Our investments made may not achieve capital growth or generate sufficient income to support charitable objects. The investment manager contract was re-procured during the year to mitigate against this risk.
- Our strategic objectives may not align sufficiently with Sport England's strategy, resulting in Sport England not prioritising the NSCs for investment.
- Losing our charitable status as a result of i) insufficient funds being generated for the awarding of grants/the failure to award grants, ii) insufficient community use of sites and/or iii) failure to maintain public benefit and use of funds.

Additional risks not presently known to us, or those which we currently deem immaterial, may also impact on operations.

## Our Performance

The performance of the NSCs' is managed by Sport England through a Service Level Agreement (SLA) with The Sports Council Trust Company.

The requirements in the contracts set ambitious standards to meet the NSC strategic objectives. A balanced scorecard and set of Key Performance Indicators (KPIs) are used to continually measure performance.

The key performance measures we use range across four categories:

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

The operators of our NSCs are required to perform in the top quartile nationally on National Benchmark Service and QUEST, Sport England's recommended tools for continuous improvement in the leisure industry.

These measures are clearly linked to the aims of the Charity and ESC's objectives of increasing participation nationally.

This year, Covid-19 has prevented Serco and MTT from delivering all the contract performance standards. These have predominantly been associated with utilisation of facilities and participation KPIs. Where necessary departure from the contract standards has been agreed with the operators via variations to the contracts.

Outside of these areas a robust set of performance standards remained in place and measured as normal business practice. Under extremely challenging circumstances Serco and MTT have met, and often

## Trustees' Report

exceeded, their contractual performance standards with no deductions or performance failures during 2020/21. Both operators maintained excellent results in external quality assurance, customer and facility management audits providing assurance that the assets continued to be well managed and maintained.

### What we have achieved

Our ability to deliver against our strategic objectives was significantly restricted throughout 2020/21. The proactive approach taken by the Charity, Sport England, Serco and MTT enabled a valuable contribution towards our objectives to be made.

### Plans for future periods

Our operating plan provides for:

- Working collaboratively with Serco and MTT to ensure the operators can remobilise services as Covid-19 restrictions are lifted and provide vital opportunities for community and elite participation in line with relevant Government legislation and guidance.
- Utilising insight and customer engagement to understand changing attitudes and behaviours towards sport, physical activity and the outdoors.
- Re-design service provision and outcomes to respond to changing needs to support the local community and outdoor sector to re-engage with sport and physical activity contributing to wider physical, social and mental outcomes.
- Support talented athletes and NGB World Class Olympic and Paralympic programmes to re-establish training

and support preparations for Tokyo 2021 and Birmingham 2022.

- To be an example of best practice and innovation to support the wider public sector sport and physical sector in recovery from Covid-19.

### Green Initiatives

We continued to put in place measures to increase the sustainability of the entirety of our operations this year.

Bisham and Lilleshall successfully retained Environmental accreditation to ISO:50001. This international standard recognises organisations that implement an energy management system (EnMS) based on a model of continuous improvement in order to enhance the efficiency of their energy usage.

Our EnMS will allow us to reduce our energy use and associated costs and achieve full compliance with energy saving schemes like the UK Energy Savings Opportunity Scheme.

MTT retained accreditation of the Green Dragon Environmental Standard. This standard is awarded to organisations that demonstrate effective environmental management and take action to understand, monitor and control the impacts that their operations have on their surroundings.

## Trustees' Report

### Financial review

Our operational activities, including grant making, are funded by property income and returns from the investment fund (see note 8). Asset investment activities are funded from gifts of assets from Sport England. Total income for the year was £2.8million (2020: £2.9million). These resources were invested into the NSCs, used to purchase Gainham's Lodge and awarded as community grants for the Charity to achieve its objectives as set out on pages 1 and 2.

Separate funds are maintained to identify and account for the principal funding sources of the Charity. The details of these funds are set out in notes 11 and 12. None of these funds are in deficit.

Net expenditure for the year is £1.5million (2020: £2.1million). The decrease in the net expenditure of £0.6million is primarily due to the net impact of:

- £0.3million increase in income due the Exchequer grant received
- £0.2million gain on the value of the investment.

We generated a small operational deficit on our day to day activities in the year of £16,000 (2020: £7,000 deficit), after awarding community grants of £83,000 (2020: £68,000) as shown in the table below. The loss was due to increased community grants as agreed by us.

	2021 £'000	2020 £'000
Property income	1,315	1,663
Investment income	34	35
Charitable activities	(4,469)	(4,950)
Add back:		
Depreciation	3,028	3,097
Impairment	(66)	58
(reversal)/charge		
Gifts in kind	114	90
Loss on disposal	28	-
<b>Operating Deficit</b>	<b>(16)</b>	<b>(7)</b>

The value of our funds decreased to £108.3million from £109.5million as set out in note 6. The decrease is mainly due to depreciation charge for the year of £3million offset by Gifted Assets of £1.1million and the purchase of Gainham's Lodge of £0.6million.

The purchase of Gainham's Lodge during the year was funded through:

- £0.3m sale of the Crewkerne fund within the investment held in the Sarasin Endowment Fund (note 8)
- £0.3m Exchequer grant from ESC

The closure of the NSCs as a result of Covid-19 has not had a financial impact on SCTC as Sport England has provided financial support to the operators as noted on page 5.

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

### Grants policy

We accept applications from not-for-profit organisations supporting the sporting activities of disadvantaged people including young people, people with disabilities, lower socio-economic groups and ethnic minority groups.

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

There was a specific focus on mental well-being during the year with 60% of the funding available being utilised through partnerships with Energise Shropshire Lelford and Wrekin and Get Berkshire Active and 40% accessible for other community funding.

# Trustees' Report

## Investment policy

Our investment policy relating to the portfolio of equity investments is to:

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

Our investment funds were invested in the Sarasin Endowments Fund managed by Sarasin & Partners for 2020/21. The investment manager maintains a balanced portfolio which achieves lower volatility than a pure equity investment and provides us with quarterly reports and updates on key issues, and ad-hoc reporting as and when required.

During 2020/21 the contract for the investment manager was re-procured and the reappointment of Sarasin & Partners was approved by the Trustees in April 2021.

## Reserves policy

Our financial position is supported by ESC.

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

Our reserves policy defines reserves as restricted or unrestricted.

Restricted reserves are those which cannot readily be realised and used for an alternative purpose other than that specified; principally these are in relation to fixed assets gifted from ESC or funded by ESC's Lottery Fund. Restricted reserves at 31 March 2021 amounted to £105.8million (2020: £107million).

Unrestricted reserves are where the use of these funds is not restricted and can be applied to the ongoing operational aspects of the organisation. Unrestricted reserves at 31 March 2021 amounted to £2.5million (2020: £2.4million).

## Trustees' Report

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

- Graeme Dell (Interim Chair)
- Dave Cove
- Andrew Watson
- Helen Martin.

A recruitment process, which was initially scheduled to start last year but was delayed due to Covid-19, will commence during 2021 to recruit up to four further trustees. This includes a replacement for Helen Martin who on 1 April 2021 tendered her resignation but agreed to continue as a Trustee until a replacement is appointed.

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

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

Upon appointment, Trustees receive corporate governance, financial and legal information in relation to the Charity in the form of its Memorandum and Articles of Association and other governance and policy documents, the annual report, management accounts, Charity Commission guidance and the Seven Principles of Public Life.

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

**The Company Secretary** who served during the year was Hannah Kerly until 17 February 2021. Richard Mabbitt was appointed from 17 February 2021.

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

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

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

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

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

# Trustees' Responsibility Statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed,
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

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

The Trustees as Company Directors approve the Strategic Report included as part of the Trustees' report on pages 1 to 11.

By Order of the Board

**Graeme Dell**  
Chair  
1 July 2021

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

## Opinion on financial statements

I have audited the financial statements of The Sports Council Trust Company for the year ended 31 March 2021 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, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) in conformity with the requirements of the Companies Act 2006 and the Charities Act 2011.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of the net movement of funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006 and Charities Act 2011.

## Opinion on regularity

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

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10

'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of The Sports Council Trust Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that The Sports Council Trust Company's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Sports Council Trust Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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

## Other Information

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

## Opinion on other matters

In my opinion:

- the information given in the Trustee's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustee's Report has been prepared in accordance with applicable legal requirements

## Matters on which I report by exception

In the light of the knowledge and understanding of The Sports Council Trust

Company and its environment obtained in the course of the audit, I have not identified material misstatements in the Trustee's report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in our 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.

## Responsibilities of the Trustees for the financial statements

As explained more fully in the Trustee's Responsibility Statement, the Trustees are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee's either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.



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

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to The Sports Council Trust Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including The Sports Council Trust Company's controls relating to taxation legislation, the Charities Act 2011, Government Resources and Accounts Act 2000, and Companies Act 2006.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals; and
- obtaining an understanding of The Sports Council Trust Company's framework of authority as well as other legal and regulatory frameworks that The Sports Council Trust Company's operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of The Sports Council Trust Company's. The key laws and regulations I considered in this context included taxation legislation, the Charities Act 2011, Government Resources and Accounts Act 2000, and Companies Act 2006.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Board of Trustees and in-house legal counsel

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

concerning actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:  
[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).  
This description forms part of my report.

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

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

**Gareth Davies**

7 July 2021

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# Statement of Financial Activities

(Including Income and Expenditure Account)

	Note	2021 Restricted £'000	2021 Unrestricted £'000	2021 Total £'000	2020 Total £'000
<b>Income from</b>					
Donations and legacies	2	1,323	114	1,437	1,189
Other trading activities	3	-	1,315	1,315	1,663
Investments		-	34	34	35
<b>Total</b>		<b>1,323</b>	<b>1,463</b>	<b>2,786</b>	<b>2,887</b>
<b>Expenditure on</b>					
Charitable activities	4	(2,945)	(1,524)	(4,469)	(4,950)
<b>Total</b>		<b>(2,945)</b>	<b>(1,524)</b>	<b>(4,469)</b>	<b>(4,950)</b>
Net gains/(losses) on investments	8	-	202	202	(49)
<b>Net expenditure</b>		<b>(1,622)</b>	<b>141</b>	<b>(1,481)</b>	<b>(2,112)</b>
<b>Other recognised (losses)/gains</b>					
Gains/(losses) on revaluation of fixed assets	11/12	365	(63)	302	(1,589)
<b>Net movement of funds</b>		<b>(1,257)</b>	<b>78</b>	<b>(1,179)</b>	<b>(3,701)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		107,075	2,428	109,503	113,204
<b>Total funds carried forward</b>	<b>6</b>	<b>105,818</b>	<b>2,506</b>	<b>108,324</b>	<b>109,503</b>

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

All income and expenditure relate to continuing activities.

The notes on pages 19 to 32 form an integral part of these accounts

# Balance Sheet as at 31 March 2021

Company number 2517615

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible assets	7	107,092	108,158
Investments	8	848	943
<b>Total fixed assets</b>		<b>107,940</b>	<b>109,101</b>
<b>Current assets</b>			
Debtors	9	753	1,222
Cash at bank		583	527
<b>Total current assets</b>		<b>1,336</b>	<b>1,749</b>
<b>Liabilities: amounts falling due within one year</b>			
Creditors	10	(577)	(972)
<b>Net current assets</b>		<b>759</b>	<b>777</b>
<b>Total assets less current liabilities</b>		<b>108,699</b>	<b>109,878</b>
<b>Liabilities: amounts falling due after more than one year</b>			
Provisions	16	(375)	(375)
<b>Net assets</b>		<b>108,324</b>	<b>109,503</b>
<b>The funds of the charity</b>			
Restricted capital funds		63,997	64,644
Restricted revaluation reserve		41,821	42,431
<b>Total restricted funds</b>	11	<b>105,818</b>	<b>107,075</b>
Unrestricted income funds		1,758	1,589
Unrestricted revaluation reserve		748	839
<b>Total unrestricted funds</b>	12	<b>2,506</b>	<b>2,428</b>
<b>Total charity funds</b>	13	<b>108,324</b>	<b>109,503</b>

The accounts on pages 16 to 32 were approved by the Board of Trustees and were signed on its behalf by:



**Graeme Dell**  
Chair  
01 July 2021

## Statement of Cash Flows

	Note	2021 £'000	2020 £'000
Cash flow from operating activities			
Net cash used in operating activities	14	275	472
<b>Net cash provided by/(used in) operating activities</b>		<b>275</b>	<b>472</b>
Cash flow from investing activities			
Income from investments		34	35
Purchase of Gainham's Lodge		(550)	-
Sale of investments		297	-
<b>Net cash provided by investing activities</b>		<b>(219)</b>	<b>35</b>
<b>Change in cash balances in the reporting period</b>		<b>56</b>	<b>507</b>
Changes in cash balances during the year			
Balance at 1 April		527	20
Change in cash balances in the reporting period		56	507
<b>Balance at 31 March</b>		<b>583</b>	<b>527</b>

The notes on pages 19 to 32 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) Second Edition issued October 2019 effective from January 2019, FRS 102, and the Companies Act 2006.

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

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

### 1.2 Income

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

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

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

Grants are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

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

Income from investments is recognised on a receipt basis due to the timing of statements from the investment fund. The

accounting treatment adopted materially matches income accrued.

### 1.3 Charitable activities

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

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

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

The provision of facilities costs is set out in note 4. Costs are allocated to activities directly or to location or usage.

Costs directly related to activities are general administration costs of the Charity. Location costs are costs incurred in connection with freehold and leasehold property occupied by ESC, Mountain Training Trust and British Rowing. Usage costs relate to depreciation, and impairments on tangible fixed assets. Support costs in relation to making community grant awards are not material.

### 1.4 Dividends

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

### 1.5 Tangible fixed assets

Tangible fixed assets funded by the Lottery grant from ESC were paid for directly by the Charity and funds drawn down from ESC against the Lottery grant. All other capital works are paid for by ESC and the assets gifted to the Charity, the exception during the year was the purchase of Gainham's Lodge (see Financial Review page 8).

### Land and buildings

Full valuations are carried out by external experts quinquennially for land, buildings and bund, supplemented by annual indexation.

The last full valuation of land and buildings was carried out as at 31 March 2019.

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

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

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

### Artworks and antiques

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

### Equipment and leasehold improvements

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

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

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

### Depreciation

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

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

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

## 1.6 Property operating leases

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

## 1.7 Dilapidations

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

## 1.8 Investments

Subsequent to purchase, listed stocks and shares are measured at fair value through other comprehensive income based on

reference to the market in which they exist and are not held for trading.

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

### **1.9 Debtors**

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

### **1.10 Creditors and provisions**

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

### **1.11 Funds**

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

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

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

### **1.12 Taxation**

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

### **1.13 Use of estimates and judgement**

The preparation of the financial statements requires management to make judgements,

estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenditure. Actual results may differ from the estimates used.

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

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

### **1.14 Going concern**

The financial position of the Charity is supported by ESC. The ESC is the major provider of funds through the gifting of assets and provision of deficit funding for the NSCs' operations. The Charity does not usually commit to any capital expenditure that requires funding from its own resources. The exception during the year was the strategic purchase of Gainham's Lodge (see page 8). 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 at least the next 12 months from the date of approval of the financial statements.

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



## 2 Donations and legacies

	2021 £'000			2020 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Gifts of fixed assets	1,073	-	1,073	1,099	-	1,099
Exchequer grant (ESC)	250	-	250	-	-	-
Gifts in kind administration service	-	114	114	-	90	90
<b>Total</b>	<b>1,323</b>	<b>114</b>	<b>1,437</b>	<b>1,099</b>	<b>90</b>	<b>1,189</b>

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

The Exchequer grant from ESC was used to part-finance the purchase of Gainham's Lodge.

## 3 Other trading activities

	2021 £'000	2020 £'000
Property Income	1,315	1,663

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

#### 4 Charitable activities

	2021 £'000			2020 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
<b>Community grants awarded</b>						
Energize Shropshire, Telford & Wrekin	-	30	30	-	-	-
Get Berkshire Active	-	43	43	-	36	36
Wycombe Wanderers S & E Trust	-	10	10	-	15	15
More Leisure Community Trust	-	-	-	-	17	17
<b>Total community grants</b>	-	83	83	-	68	68
<b>Governance costs (note 5)</b>						
Trustees' expenses	-	-	-	-	1	1
Audit fees	-	17	17	-	17	17
<b>Total governance costs</b>	-	17	17	-	18	18
<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	-	114	114	-	90	90
<b>Sub-total</b>	-	142	142	-	118	118
<b>Locations costs</b>						
Property costs	-	1,223	1,223	-	1,591	1,591
Legal and professional	-	14	14	-	-	-
<b>Sub-total</b>	-	1,237	1,237	-	1,591	1,591
<b>Usage</b>						
Depreciation	2,983	45	3,028	3,059	38	3,097
Loss on disposal	28	-	28	-	-	-
Impairment (reversal)/charge	(66)	-	(66)	60	(2)	58
<b>Sub-total</b>	2,945	45	2,990	3,119	36	3,155
<b>Total provision of facilities</b>	2,945	1,424	4,369	3,119	1,745	4,864
<b>Total charitable activities</b>	2,945	1,524	4,469	3,119	1,831	4,950

All income and expenditure relating to the National Sports Centres management contract are accounted for by the ESC including any performance-based bonus. The ESC funds the operational deficit of the National Sports Centres which was £5.5million in 2021 (2020: £3.8million). This included £2.3 million (2020: £360k) of Covid-19 related financial assistance to the operators (see page 5).

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

## 5 Governance and staff costs

The Charity employed no staff in 2021 and 2020.

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).

Three Trustees (2020: three) were paid travel and expenses during the year of £142 as shown in note 4.

The Trustees did not receive fees or allowances for the year (2020: Nil) either directly from the Charity or the parent body ESC.

The audit fees for the year were £16,800 (2020: £16,800). There were no fees for non-audit work in 2021 and 2020.

## 6 Reconciliation of the movement in funds

	2021 £'000	2020 £'000
<b>Net assets at 1 April</b>	<b>109,503</b>	<b>113,204</b>
Capital investment		
Gifted assets (ESC)	1,073	1,099
Exchequer funded assets (Gainham's Lodge)	250	-
<b>Other movements</b>		
Net revaluation of fixed assets	368	(1,647)
Depreciation	(3,028)	(3,097)
Operational Deficit	(16)	(7)
Increase/ (decrease) in value of investments	202	(49)
Loss on disposal	(28)	-
<b>Net assets at 31 March</b>	<b>108,324</b>	<b>109,503</b>

## 7 Tangible fixed assets

	Land	Buildings and bund	Leasehold improvement	Equipment	Artworks and antiques	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost / Valuation</b>						
At 1 April 2020	19,102	113,237	1,168	2,723	827	137,057
Disposals	-	(65)	-	-	-	(65)
Gifted assets	-	1,050	-	23	-	1,073
Revaluation	(248)	550	-	-	-	302
Additions	-	550	-	-	-	550
<b>At 31 March 2021</b>	<b>18,854</b>	<b>115,322</b>	<b>1,168</b>	<b>2,746</b>	<b>827</b>	<b>138,917</b>
<b>Depreciation and impairments</b>						
At 1 April 2020	12	(25,748)	(797)	(2,404)	38	(28,889)
Charge for year	-	(2,767)	(159)	(102)	-	(3,028)
Impairment reversal	-	66	-	-	-	66
Disposals	-	36	-	-	-	36
<b>At 31 March 2021</b>	<b>12</b>	<b>(28,413)</b>	<b>(956)</b>	<b>(2,506)</b>	<b>38</b>	<b>(31,825)</b>
<b>Net Book Value</b>						
At 31 March 2020	19,114	87,489	371	319	865	108,158
<b>At 31 March 2021</b>	<b>18,866</b>	<b>86,909</b>	<b>212</b>	<b>240</b>	<b>865</b>	<b>107,092</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 2019 by Gerald Eve LLP, a regulated firm of Chartered Surveyors which provides expert advice in asset valuations and surveying. The valuation was prepared in accordance with the requirements of the RICS Valuation Global Standard 2017 and the UK national standards and guidance set out in national supplement (November 2018 edition), and Financial Reporting Standard (FRS) 102.

The valuation of the non-specialised properties was undertaken on a Fair Value basis, on the assumption of continuation of the existing use. Specialised properties were valued by reference to Depreciated Replacement Cost (DRC). The replacement build cost rates used in DRC valuations are based on knowledge of the current costs of constructing general and specialised sport facility accommodation as well as information from Building Cost Information Service (BCIS) and other published cost data. Existing buildings are valued as they stand using Gross Internal Floor areas (GIAs) by reference to the cost of providing either modern equivalent assets capable of delivering the required service provision or for the listed structures as historically important assets.

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

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

## 8 Investments

Listed stocks and securities	2021 £'000	2020 £'000
Market value at 1 April	943	992
Disposal	(297)	-
Revaluation of investment	202	(49)
<b>Market value at 31 March</b>	<b>848</b>	<b>943</b>

Investments as at 31 March 2021 represents holdings in the Sarasin Endowments Fund. The holding is classified as 'not held for trading'.

The disposal funded the purchase of Gainham's Lodge (see page 8).

The historical cost of the asset at 31 March 2021 was £0.7 million (2020: £0.9 million).

## 9 Debtors

	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	-	71
Prepayments	7	263
Accrued income	371	513
<b>Total</b>	<b>378</b>	<b>847</b>
<b>Amounts falling due after more than one year</b>		
ESC	375	375
<b>Total</b>	<b>375</b>	<b>375</b>
<b>Total</b>	<b>753</b>	<b>1,222</b>

## 10 Creditors

	2021 £'000	2020 £'000
<b>Amounts falling due within one year</b>		
Trade Creditors	24	21
ESC	137	147
Deferred income	7	263
Accruals	409	541
<b>Total</b>	<b>577</b>	<b>972</b>

## 11 Restricted capital funds

	Revaluation reserve (land and buildings)	ESC GIA 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 2019</b>	<b>45,124</b>	<b>38,371</b>	<b>26,371</b>	<b>101</b>	<b>915</b>	<b>110,882</b>
Gifted assets	-	1,099	-	-	-	1,099
Revaluation	(1,787)	-	-	-	-	(1,787)
Impairment charge	-	(4)	(46)	-	(10)	(60)
Depreciation	-	(1,964)	(1,077)	(3)	(15)	(3,059)
Amortisation of reserve	(906)	599	303	1	2	-
<b>Balance at 31 March 2020</b>	<b>42,431</b>	<b>38,101</b>	<b>25,552</b>	<b>99</b>	<b>892</b>	<b>107,075</b>
Gifted assets	-	1,073	-	-	-	1,073
Revaluation	365	-	-	-	-	365
Impairment reversal	-	43	20	-	3	66
Depreciation	-	(2,057)	(909)	(3)	(14)	(2,983)
Amortisation of reserve	(959)	675	283	-	1	-
Disposal of fixed assets	(16)	1	15	-	-	-
Loss on disposal	-	(1)	(27)	-	-	(28)
Grant received in the year	-	250	-	-	-	250
<b>Balance at 31 March 2021</b>	<b>41,821</b>	<b>38,085</b>	<b>24,934</b>	<b>96</b>	<b>882</b>	<b>105,818</b>

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

### <sup>1</sup>ESC GIA Funded assets

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

### <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 was 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

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

## 12 Unrestricted income funds

	Revaluation reserve (land and buildings)	Other <sup>1</sup>	Total
	£'000	£'000	£'000
<b>Balance at 1 April 2019</b>	662	1,660	2,322
Amortisation of reserve	(21)	21	-
Revaluation	198	-	198
Impairment reversal	-	2	2
Depreciation	-	(38)	(38)
Operational deficit	-	(7)	(7)
Revaluation of investments	-	(49)	(49)
<b>Balance at 31 March 2020</b>	<b>839</b>	<b>1,589</b>	<b>2,428</b>
Amortisation of reserve	(28)	28	-
Revaluation	(63)	-	(63)
Depreciation	-	(45)	(45)
Operational deficit	-	(16)	(16)
Revaluation of investments	-	202	202
<b>Balance at 31 March 2021</b>	<b>748</b>	<b>1,758</b>	<b>2,506</b>

### <sup>1</sup>Other

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

## 13 Reconciliation of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other assets £'000	Total 2021 £'000	Total 2020 £'000
<b>Restricted funds</b>					
Revaluation reserve	41,821	-	-	41,820	42,431
ESC Funded assets	38,085	-	-	38,085	38,101
ESC Lottery fund	24,934	-	-	24,935	25,552
Capital	96	-	-	96	99
Other	882	-	-	882	892
<b>Total</b>	<b>105,818</b>	<b>-</b>	<b>-</b>	<b>105,818</b>	<b>107,075</b>
<b>Unrestricted funds</b>					
Revaluation reserve	748	-	-	748	839
Other	526	848	384	1,758	1,589
<b>Total</b>	<b>1,274</b>	<b>848</b>	<b>384</b>	<b>2,506</b>	<b>2,428</b>
<b>Total funds</b>	<b>107,092</b>	<b>848</b>	<b>384</b>	<b>108,324</b>	<b>109,503</b>

#### 14 Net cash flow from operating activities

	2021 £'000	2020 £'000
Net expenditure	(1,481)	(2,112)
Gifted assets	(1,073)	(1,099)
Impairment (reversal)/charge	(66)	58
Net (gains)/losses on investments	(202)	49
Investment income	(34)	(35)
Depreciation	3,028	3,097
Decrease / (increase) in debtors	469	680
(Decrease) / increase in creditors	(394)	(355)
Increase in provisions	-	189
Loss on disposal	28	-
<b>Total</b>	<b>275</b>	<b>472</b>

#### 15 Commitments under operating leases

	2021 £'000	2020 £'000
Not later than one year	847	1,028
Between two and five years	1,461	1,745
Later than five years	-	-
<b>Total</b>	<b>2,308</b>	<b>2,773</b>

All the Charity's commitments under leases to pay rentals are shown above. These leases relate to offices occupied ESC and all costs are recharged to ESC. Future commitments are expected to be met through their occupation of the properties.

The rental income for the year amounted to £0.7 million (2020: £0.7 million) all of which was receivable from ESC. Note 7 sets out in the Leasehold Improvement column the capital value held in relation to the properties leased to ESC.



## 16 Provisions

	Total £'000
Balance at 1 April 2020	375
Provisions made during the year	-
<b>Balance at 31 March 2021</b>	<b>375</b>
Amounts falling due after more than one year	375
<b>Total</b>	<b>375</b>

The provision is dilapidations for Bloomsbury Street. The lease expires in November 2022 with no option to extend. A provision of £0.2million was made in 2015 to cover the costs of dilapidations. In March 2020 a dilapidations assessment was commissioned and undertaken by the Building Surveying team of the Bloomsbury Street property management company, Avison Young. This report indicated an increase of the cost of dilapidations to £375k.

All the above costs will be funded by ESC and thus accrued income has been recognised in these accounts (note 9).

There are no contingent liabilities or contingent assets for the current year (2020: Nil).

## 17 Value added tax

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

## 18 Capital commitments

The Charity had no capital commitments contracted but not provided for in the financial statements during the year (2020: Nil).

## 19 Parent body rights over assets

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

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

## 20 Derivatives and other financial instruments

The Charity relies mainly on grant, donation, and property funding to finance its operations. Other than cash resources and items such as debtors and creditors that arise from its operations, it holds no other financial instruments other than the investments referred to in note 8, nor enters into derivative transactions.

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

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

## 21 Related party transactions

The Charity has a close working relationship with its parent body ESC. ESC is the Charity's main provider of funds enabling the Charity to carry out its charitable objectives. It also provides a financial and administrative service to the Charity through a gift in kind (note 2) and an annual charge of £28,000 (2020: £28,000).

ESC gifts fixed asset additions to the National Sports Centres the details of which are set in note 2. In 2021 this amounted to £1.1million (2020: £1.1 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.

	2021 £'000	2020 £'000
Income	1,287	1,634
Amount owing from ESC	(238)	(105)

Trustees are selected from a variety of backgrounds and experience. Where conflicts of interest occur, these are declared at each meeting and a Trustee will absent him/herself from any decisions related to the item in question. If the Chair has a conflict another Trustee will chair the meeting when the item is discussed. There was one transaction where a Trustees declared a current or past interest relating to the Charity's activities.

	Awards made in 2020-21	Awards unpaid at 31 March 2021
Dave Cove: Board member, Wycombe Wanderers S & E Trust	10	-

## 22 Security

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

## 23 Ultimate parent body

The charity's parent body is ESC known as Sport England and is the Government agency that works to make sure everyone can experience the benefits of sport and physical activity. The results of The Charity are consolidated in the accounts of ESC. The accounts of ESC Group are available from its registered office at First Floor, 21 Bloomsbury Street, London, WC1B 3HF.

## 24 Post balance sheet events

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

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