

## 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 2020

HC 387

## **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 2020**

Presented to Parliament pursuant to Article 6(2)(b) of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009

(SI 2009/476)

Ordered by the House of Commons to be printed on 15 October 2020

**© Sport England Copyright 2020**

The text of this document (this excludes, where present, the Royal Arms and all departmental or agency logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Sport England copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries related to this publication should be sent to us at [feedback@sportengland.org](mailto:feedback@sportengland.org)

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

ISBN 978-1-5286-1787-1

CCS0220159376

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

## **The Trustees present their Report on the affairs of The Sports Council Trust Company together with the accounts and auditor's report for the year ended 31 March 2020.**

### **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 ended 31 March 2020 the Board met three times.

The Board is composed of a Chair and three Trustees as at 31 March 2020. You can find more details about each Trustee on page 13.

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 2019/20 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
- Reviewing and seeking to continuously improve the grant making process
- Awarding grants to sporting and community organisations
- Improving the financial and environmental sustainability of the NSCs
- Monitoring the performance of our investments and available funding

The Trustees confirm that they've 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) – managed by Serco
- Lilleshall – managed by Serco
- Plas y Brenin the National Mountain Sports Centre (PYB) – managed by Mountain Training Trust (MTT).

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 aim to deliver against the 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.

Serco Leisure was awarded the contract for Bisham and Lilleshall as a new operator to Sport England. Mountain Training Trust (MTT) was awarded the contract at Plas y Brenin as the previous incumbent operator.

## The National Sport Centres

Our NSCs and Rowing Lake are unlike other facilities in the UK's sporting landscape. They not only provide world-leading training environments for the country's Olympic and Paralympic programmes, they also give the public a place to exercise and participate in physical activity. 80% of this year's activity at the centres came through community use. When combined with the medal success Team GB achieved at the major European, world, Olympic and Paralympic events, our NSCs are inspiring a wide variety of people to challenge themselves.

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

train, we aim to provide 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 kind of collaboration is a crucial part of what makes the NSCs so successful. They're 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 teamwork as a way to achieve 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, 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.

These partnerships demonstrate the benefits of innovation. The NSCs are an important asset when it comes to testing innovative projects in order to establish if they can be replicated across the sector, to significantly impact the sporting landscape. This ranges from the design and testing of outcome focused key performance measures across the NSC operating

contracts, to exploring the viability of portable artificial pitch surfaces to enable major spectator events for wider non-grass pitch sports.

Covid-19 had an unprecedented and immediate impact across all the NSCs at the end of the year, with each being closed to the public on the evening of Friday 20 March. This followed a government announcement that all leisure facilities should cease operations with immediate effect. Further government guidance made it clear that Elite Training Facilities for World Class Programmes should also be closed. The financial impact of Covid-19 is discussed in the Financial Review section (page 11).

During the period, Sport England's officers supported us to mitigate the impact as much as possible. The instant financial and participation impact is unparalleled, and the implications are likely to be long term. We will continue to work closely with Sport England, the operators and on-site partners to be able to rebuild quickly during the remainder of 2020-21. The activities highlighted below were completed prior to the outbreak of Covid-19.

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 athletes as they continue to prepare for the Games.

The four NSCs that are owned by the Charity are:

### **Bisham Abbey**

Based in rural Berkshire, Bisham is a busy and flexible environment which accommodates a range of water sports, football, rugby, tennis and hockey amongst other sports. It is home to England Hockey, EIS, Living Tennis, FAB Academy, British

Rowing, Women's RFU and Reading Ladies FC.

It features a multi-use sports area, squash courts, gym and fitness centre, indoor and outdoor tennis courts, two grass pitches, two artificial pitches and a strength and conditioning area and Intensive Rehabilitation Unit. The site also has modern accommodation and catering facilities for use by members of the public and athletes.

There have been a number of recent developments at Bisham, including extending the community gym, building a new changing pavilion, redeveloping the EIS elite gym redevelopment, hybrid grass pitch, adding retractable LED sports lights on 3G pitch and creating a Rio 2016 replica hockey pitch.

## 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 has over 250 modern bedrooms and catering facilities for use by members of the public and athletes. It also has a dedicated modern office building in which British Gymnastics, EIS and British Archery manage their business administration. The centre is also a base for GB Wheelchair Rugby, GB Hockey, Home Office, the Royal British Legion and Crossbar Coaching.

Recent developments undertaken at Lilleshall include the refurbishment of Lilleshall Main House and the Gymnastics Hall to world class gymnastics training facility.

## 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 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.

The site has recently had an extension and refurbishment of its accommodation, as well as a project to turn the Bryn Engan Farmhouse into a teaching and learning space, complete with enhanced IT infrastructure.

## Redgrave and Pinsent Rowing Lake

Transferred to ownership of the Charity in 2006, this facility is made up of an internationally recognised 2,100m rowing lake set on the River Thames near Henley, as well as 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.

British Rowing continues to maintain the facility to a high standard through ongoing maintenance programmes and targeted improvements around the site. As a result, the facility continues to be the single most important factor underpinning the training and preparation for the GB Rowing Team for the Tokyo Olympics in 2021. The site is also regularly used by University of Oxford, Oxford Brooks University and Eton College.

## Community, club and elite activity

### Bisham Abbey and Lilleshall

For the fifth consecutive year, the Berkshire Summer School Games was hosted at Bisham. Involving over 1,200 school age children, the event widened its reach to over 60 local schools. Activities available to participants included hockey, tennis, new aged curling and orienteering. Over 50 volunteers and youth leaders benefited from the support of on-site partners to deliver the event. Utilising the NSC helps create positive attitudes towards sport among young people in an inclusive and welcoming environment.

Walking football has featured at Bisham for approximately two years and through the continued support of the sports development team has continued to go from strength to strength. Originally formed of two small leagues created in partnership with Berks & Bucks Football Association, this has now expanded to include 22 teams and four leagues. The league supports over 220 men and women aged 50 and over to keep active and socially engaged.

At Lilleshall, this year saw the 'Girls Active' event take place. Closely aligned to Sport England's This Girl Can campaign, the event looks to inspire more involvement in sporting activity among school-age girls. With 20 young female leaders from the Shropshire Young Leadership Academy taking charge, the event involved over 80 young females from school years seven to nine from four schools. Participants were able to enjoy taster sessions delivered by experienced coaches from local sports clubs and organisations.

Reducing inactivity and working with new partners continues to be a key focus at Lilleshall with the introduction of large-scale participation activities at the site. Urban

Attack delivered an obstacle course race, 'Warrior Assault'. Over 500 people from the local community, from five to 76 years old, attended the event, which involved volunteers, competitors and spectators. The event attracted a large number of participants who would not usually visit the centre, increasing the awareness of it throughout the community.

### Plas y Brenin

Insight from the most recent Active Lives Adult Survey show that adults keep active through a blend of activities, with outdoor recreation becoming increasingly important. We believe that PYB's ability to work across a range of outdoor activities including hill walking, climbing, mountaineering, paddle sports and mountain biking places it in a strong position to support the outdoor sector. It can do this by delivering growth from entry level access to the outdoors as well as higher-end adventure activities.

2019/20 saw almost 800 different centre events, including around 694 courses, offering 4,818 course places and over 14,000 student days. Just over 20% of programmed courses, specialist services and bespoke courses focus on skills and development to qualify people.

PYB had over 10,000 unique paying visitors, ranging from those getting qualified at the top end of the coaching pathway to hosting elite teams who took full advantage of our unrivalled setting in Snowdonia. It's this location that allows us to run a year-round programme of skill development, training and assessment in a range of mountain sports including walking, climbing, mountaineering, paddle sports and mountain biking. We remain fully committed to the development of a highly motivated and capable workforce (both volunteers and professionals alike) so



they can better support people from all backgrounds to get active outdoors.

## Unique sporting environments

### Bisham Abbey and Lilleshall

In partnership with Serco and British Gymnastics, Sport England undertook the redevelopment of the gymnastics hall at Lilleshall to maintain a world class training environment for British Gymnastics. It's hoped the newly developed hall will also encourage increased participation through local community clubs.

Lilleshall provides a hub for the Gymnastics National programme activity and is essential to support preparation for the World Championships, European Championships and the World Cup series leading up to Tokyo 2021 qualification. The gymnasium also supports the next generation of athletes within the podium potential and squad programmes for Paris 2024 and the extensive talent pathway.

The gymnasium is available to support an extensive programme of regional, club and wider community use. In 2019/20 over 40,000 young gymnasts accessed Lilleshall NSC for training and competition from local clubs and school. The site also regularly hosts coach development and education programmes. The enhanced facility will enable British Gymnastics and Serco to expand these programmes.

The co-location of National Governing Body World Class programmes at dedicated Elite Training Centres forms part of the joint strategic approach to the elite sport system of Sport England, UK Sport, British Olympic Association, British Paralympic Association, National Governing Bodies and the EIS. Together we're driving efficiency in elite training environments, contributing to a

more sustainable elite sport system and medal success on the world stage.

We have had some positive results so far:

- England Hockey men's and women's teams have both qualified for the 2020 Olympic Games.
- British Gymnastics trampolinist, Laura Gallagher sealed the British Gymnastics Team GB's place at the 2020 Olympic Games, with her performance at the World Championships in Tokyo.
- Three women and four men have achieved the criteria to join the Archery GB Olympic Squad for Tokyo 2020 – the Para-Archery European Cup success included individual gold, silver and bronze compound finals.
- The Hyundai Archery World cup and para championships resulted in a Paralympic quota place for Tokyo 2020 as well as two para silvers and a world championship team bronze medal.
- GB Hockey finished fourth in the first year of the worldwide FIH Pro League.
- British Shooting achieved Olympic Trap bronze for Team GB at the European Games.

## Coach development, research, innovation and inspiration

### Bisham Abbey

Sport England and England Hockey worked closely to develop a new pilot for portable artificial pitches. We wanted to create a playing surface that would fulfil the FIH (Federation of International Hockey) accreditation for competitive sports surfaces and ultimately enable hockey to transform existing stadia for one-off events. This will broaden access, generate revenue and give the sport a much higher profile.

The pilot was conducted at Bisham Abbey and was instrumental in enabling installation of a temporary pitch at The Stoop rugby stadium in Twickenham for Great Britain's Men's and Women's final home games of the Pro League. The fixture attracted 11,500 spectators, the highest attendance at a hockey match in the UK since the 2012 Olympics.

Following the event, a new pitch has now been laid at Bisham to replicate the playing conditions for the Tokyo Olympics providing a world class training environment for preparations. The research element of the project and application of the various temporary pitch technologies is being shared with the sector to influence thinking and opportunities for multi-sport use of stadium facilities.

### Plas y Brenin

PYB continues to influence the way that awarding bodies and outdoor activity providers operate. The site trains and supports high-level coaches that are the foundation of the entire sector, making it an essential asset for the wider coaching workforce and their participants across the UK. The skills these individuals learn at PYB allows them to operate independently, further increasing the reach and involvement levels in these kinds of activities.

MTT and its staff at PYB provide multi-discipline expertise to a wide range of National Governing Body strategic, technical and development groups:

- Directly supporting Mountain Training UK, the British Mountaineering Council (BMC), British Cycling and British Canoeing and attending a range of technical and development groups focused on coaching standards, safe working practices and workforce development.
- Providing technical support for Mountain Training's climbing award review. This was a wholesale review of the entire climbing award pathway that sees an average of 4,000 candidates attend courses nationwide in any given year. Our unique insight, as a reputable and highly regarded provider ensures the advice provided is both relevant and current. Activities included the design and testing of a new four-day Rock Climbing Development Instructor award.
- Contributing to the BMC technical committee, a group focused on use and abuse of equipment within climbing and mountaineering. It provides the sector with vital information about safe working practice and appropriate standards of equipment and conducts investigations into equipment failure.
- Supporting the BMC with their talent development programme. This involves attending the Training and Youth Committee, which is tasked with ensuring the development of safe working practices and training standards for the next generation of climbers and coaches.
- Creating a night riding module for British Cycling and consulting of a new European leader course.
- Providing technical support for British Canoeing's Learning and Development Group, including contributing to a review and refresh of its coaching and leadership pathway. MTT's instructional staff were involved in the development and subsequent roll out of their new coaching pathways, providing training for both existing as well as new providers of the revamped schemes.

### Ensuring effective operation

The NSCs have seen an increase in the number of commercial and community

participation events which have involved a social benefit or activity-based elements.

The first Open Water Swimming event was held at PYB. The event was supported by Swim Wales and Welsh Triathlon and took advantage of the iconic location, lake and facilities on offer for open water swimming. We'll continue to work with Swim Wales and local coaches to develop open water swimming across the North West region. Further events are scheduled this year. The initial event's success led to Open Water swimming sessions at PYB, making use of the in-house expertise to enable provision of a safe environment for people to learn and train.

## 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.

In September 2019, we reviewed our risk strategy in line with a similar review undertaken by the Sport England Board. This strategy sets out our approach to risk, including the levels of risk we're willing to accept in order to achieve our organisational goals. The review provided an opportunity to consider the environment within which the Charity works and whether the correct processes and approach are currently in place. We've adopted a dynamic approach to reviewing risk 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 page 4) and the failure of the operators is considered our most significant risk due to the potential inability to find alternative providers at this time

- The value of our assets may be impacted by external or environmental factors, including the economic impact of Covid-19
- 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
- Our strategic objectives may not align sufficiently with Sport England's strategy, resulting in Sport England not prioritising the NSCs for investment
- Our rental properties may fail to generate sufficient income
- 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 NSC's is managed by Sport England through a SLA with The Sports Council Trust Company.

The requirements in these contracts set ambitious standards. 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. A

balanced scorecard and set of Key Performance Indicator's (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.

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

This year, both Serco and MTT met or exceeded their contractual performance standards with no deductions or performance failures. Serco retained its 'outstanding' rating following their QUEST stretch assessment, maintaining the highest banding for a third assessment cycle. Meanwhile, MTT improved their rating from 'good' to 'excellent' for the first time.

Both operators maintained excellent results in external facility management audits providing assurance that the facilities are being well managed.

## Plans for future periods

Our operating plan provides for:

- Working collaboratively with Serco and MTT to protect the National Centres operating contracts and ensure the operators are able to remobilise services as Covid-19 restrictions are lifted
- Responding to the challenge of reopening the National Centres as Covid-19 restrictions are lifted and provide vital opportunities for community and elite participation in line with Government guidance on social distancing.
- Utilising insight and customer engagement to understand changing attitudes and behaviours towards sport, physical activity and the outdoors
- Being flexible to 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 achieved 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.

## Financial review

Our operational activities, including grant making, are funded by property income and returns from the investment fund. Asset investment activities are funded from gifts of assets from Sport England. Total income for the year was £2.9million (2019: £3.6million). These resources were invested into the NSCs and awarded as community grants for the Charity to achieve its objectives as set out on pages 1 and 2.

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 £2.1million (2019: £1.8million in 2019). The increase in the net expenditure of £0.3million is primarily due to the net impact of:

- £0.9million decrease in gifts of fixed assets from ESC.
- Offset by a £0.6million decrease in the depreciation charge for the year.

We generated a small operational loss on its day to day activities in the year of £7,000 (2019: £22,000 surplus), after awarding community grants of £68,000 (2019: £40,000) as shown in the table below. The loss was due to increased community grants as agreed by us.

	2020	2019
	£'000	£'000
Property income	1,663	1,487
Investment income	35	34
Charitable activities	(4,950)	(5,409)
Add back:		
Depreciation	3,097	3,746
Impairment charge	58	82
Gifts in kind	90	82
Operating (deficit) / surplus	(7)	22

The value of the our funds decreased to £109.5million from £113.2million as set out in note 6. The decrease is mainly due a £1.6million decrease in the valuation of the NSCs, a depreciation charge for the year of £3.1m offset by Gifted Assets of £1.1 million.

The decrease in the valuation of the NSCs of £1.6million is based on a desktop exercise using indices supplied by the external valuers as at 31 March 2020 therefore include the impact of Covid-19 as at the reporting date. Indices were also provided dated 26 February 2020, these indices resulted in a smaller decline in value of £1.3million. One of the indices used is based on the variation of tender prices in the construction industry driven by changes in costs of raw materials, equipment hire, availability and cost of labour. These may also be influenced by perceived wider risks in the market from significant events, for example changes in Government, the Exit from the European Union and Covid-19. It is not possible to identify the impact of any one of these events separately from the other.

The closure of the NSCs as a result of Covid-19 has not had a financial impact on SCTC in 2019-20 and is not expected to have a material impact on the financial year 2020-21 as the operational deficits are funded by Sport England.

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.

Our focus for the year was on projects that encourage inactive people to become more active, achieving any of the governments Sporting Future outcomes

## 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 are invested in the Sarasin Endowments Fund managed by Sarasin & Partners. 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.

## 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 2020 amounted to £107million (2019: £110.9million).

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 2020 amounted to £2.4million (2019: £2.3million).

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

- Peter Rowley OBE (Chair: Resignation 30 September 2019)
- Graeme Dell (Interim Chair from 1 October 2019)
- Vivien Blacker (Term ended 23 July 2019)
- Dave Cove
- Andrew Watson
- Helen Martin

Dave Cove and Andrew Watson were extended for a second term of three years from 27 July 2019.

The SCTC Board are in the process of recruiting up to three new Trustees. These will be in position by late 2020.

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

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

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

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

**The Company Secretary** who served during the year was Tanya van Niekerk until 30 October 2019. Hannah Kerly was appointed from 31 October 2019.

**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 13.

By Order of the Board

Graeme Dell  
Chair  
29 September 2020



### Opinion on financial statements

I have audited the financial statements of The Sport Council Trust Company for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of The Sport Council Trust Company affairs as at 31 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Emphasis of Matter – Disclosure in relation to the valuation of Property, Plant and Equipment

I draw attention to the disclosure made in note 7 to the financial statements concerning the material uncertainty in property valuations triggered by the Covid-19 pandemic. My opinion is not modified in respect of this matter.

### Opinion on regularity

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

financial statements conform to the authorities which govern them.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of The Sport Council Trust Company in accordance with the ethical requirements that are relevant to my audit and 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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Sport Council Trust Company's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Sport Council Trust Company have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Sport Council Trust Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Responsibilities of the Trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for:

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

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

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

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Sport Council Trust Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Sport Council Trust Company's use of the going concern basis of accounting

and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sport Council Trust Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Sport Council Trust Company to cease to continue as a going concern.

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

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

### **Other Information**

Trustees are responsible for the other information. The other information comprises information included in the annual report, but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the

other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### **Opinion on other matters prescribed by the Companies Act 2006**

In my opinion:

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

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

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate and proper 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

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

- I have not received all of the information and explanations I require for my audit.

**Gareth Davies**  
**Comptroller and Auditor General (Statutory Auditor)**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
9 October 2020

# Statement of Financial Activities

(Including Income and Expenditure Account)

	Note	2020 Restricted £'000	2020 Unrestricted £'000	2020 Total £'000	2019 Total £'000
<b>Income from</b>					
Donations and legacies	2	1,099	90	1,189	2,076
Other trading activities	3	-	1,663	1,663	1,487
Investments		-	35	35	34
<b>Total</b>		<b>1,099</b>	<b>1,788</b>	<b>2,887</b>	<b>3,597</b>
<b>Expenditure on</b>					
Charitable activities	4	(3,119)	(1,831)	(4,950)	(5,409)
<b>Total</b>		<b>(3,119)</b>	<b>(1,831)</b>	<b>(4,950)</b>	<b>(5,409)</b>
Net (losses)/gains on investments	8	-	(49)	(49)	30
<b>Net expenditure</b>		<b>(2,020)</b>	<b>(92)</b>	<b>(2,112)</b>	<b>(1,782)</b>
<b>Other recognised (losses)/gains</b>					
(Losses)/gains on revaluation of fixed assets	11/12	(1,787)	198	(1,589)	4,040
<b>Net movement of funds</b>		<b>(3,807)</b>	<b>106</b>	<b>(3,701)</b>	<b>2,258</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		110,882	2,322	113,204	110,946
<b>Total funds carried forward</b>	6	<b>107,075</b>	<b>2,428</b>	<b>109,503</b>	<b>113,204</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 21 to 35 form an integral part of these accounts

# Balance Sheet as at 31 March 2020

Company number 2517615

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Tangible assets	7	108,158	111,803
Investments	8	943	992
<b>Total fixed assets</b>		<b>109,101</b>	<b>112,795</b>
<b>Current assets</b>			
Debtors	9	1,222	1,902
Cash at bank		527	20
<b>Total current assets</b>		<b>1,749</b>	<b>1,922</b>
<b>Liabilities: amounts falling due within one year</b>			
Creditors	10	(972)	(1,327)
<b>Net current assets</b>		<b>777</b>	<b>595</b>
<b>Total assets less current liabilities</b>		<b>109,878</b>	<b>113,390</b>
<b>Liabilities: amounts falling due after more than one year</b>			
Provisions	16	(375)	(186)
<b>Net assets</b>		<b>109,503</b>	<b>113,204</b>
<b>The funds of the charity</b>			
Restricted capital funds		64,644	65,758
Restricted revaluation reserve		42,431	45,124
<b>Total restricted funds</b>	11	<b>107,075</b>	<b>110,882</b>
Unrestricted income funds		1,589	1,660
Unrestricted revaluation reserve		839	662
<b>Total unrestricted funds</b>	12	<b>2,428</b>	<b>2,322</b>
<b>Total charity funds</b>	13	<b>109,503</b>	<b>113,204</b>

The accounts on pages 19 to 35 were approved by the Board of Trustees and were signed on its behalf by:

Graeme Dell  
Chair  
29 September 2020

The notes on pages 21 to 35 form an integral part of these accounts

## Statement of Cash Flows

	Note	2020 £'000	2019 £'000
<b>Cash flow from operating activities</b>			
Net cash used in operating activities	14	472	(61)
<b>Net cash provided by/(used in) operating activities</b>		<b>472</b>	<b>(61)</b>
<b>Cash flow from investing activities</b>			
Income from investments		35	34
<b>Net cash provided by investing activities</b>		<b>35</b>	<b>34</b>
<b>Change in cash balances in the reporting period</b>		<b>507</b>	<b>(27)</b>
<b>Changes in cash balances during the year</b>			
Balance at 1 April		20	47
Change in cash balances in the reporting period		507	(27)
<b>Balance at 31 March</b>		<b>527</b>	<b>20</b>

The notes on pages 21 to 35 form an integral part of these accounts

## 1 Accounting policies

### 1.1 Basis of accounting

The accounts have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities SORP (FRS 102) issued July 2014 effective from January 2015, FRS 102, and the Companies Act 2006.

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

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

### 1.2 Income

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

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

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

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

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

### 1.3 Charitable activities

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

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

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

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

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

### 1.4 Dividends

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

### 1.5 Tangible fixed assets

Tangible fixed assets funded by the Lottery grant from ESC were paid for directly by the Charity and funds drawn down from ESC against the Lottery grant. All other capital works are paid for by ESC and the assets gifted to the Charity.

#### Land and buildings

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

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

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



properties, and open market value for other properties.

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

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

### Artworks and antiques

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

### Equipment and leasehold improvements

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

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

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

### Depreciation

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

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

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

## 1.6 Property operating leases

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

## 1.7 Dilapidations

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

## 1.8 Investments

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

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

## 1.9 Debtors

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

### **1.10 Creditors and provisions**

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

### **1.11 Funds**

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

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

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

### **1.12 Taxation**

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

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

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

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

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

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

### **1.14 Going concern**

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

	2020 £'000			2019 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Gifts of fixed assets	1,099	-	1,099	1,994	-	1,994
Gifts in kind administration service	-	90	90	-	82	82
<b>Total</b>	<b>1,099</b>	<b>90</b>	<b>1,189</b>	<b>1,994</b>	<b>82</b>	<b>2,076</b>

Gifts of fixed assets and gifts in kind administration service are from ESC. The full value of the administration service is calculated at £117,565 (2019: £110,457) of which £28,000 (2019: £28,000) has been paid as set out in note 4.

## 3 Other trading activities

	2020 £'000	2019 £'000
Property Income	1,663	1,487

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

	2020 £'000			2019 £'000		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
<b>Community grants awarded</b>						
Oakengates Town Council	-	-	-	-	10	10
Chapter West Cheshire Ltd	-	-	-	-	10	10
Get Berkshire Active	-	36	36	-	11	11
Places for People Leisure	-	-	-	-	9	9
Wycombe Wanderers S & E Trust	-	15	15	-	-	-
More Leisure Community Trust	-	17	17	-	-	-
<b>Total community grants</b>	-	<b>68</b>	<b>68</b>	-	<b>40</b>	<b>40</b>
<b>Governance costs (note 5)</b>						
Trustees' expenses	-	1	1	-	2	2
Audit fees	-	17	17	-	16	16
<b>Total governance costs</b>	-	<b>18</b>	<b>18</b>	-	<b>18</b>	<b>18</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	-	90	90	-	82	82
<b>Sub-total</b>	-	<b>118</b>	<b>118</b>	-	<b>110</b>	<b>110</b>
<b>Locations costs</b>						
Property costs	-	1,591	1,591	-	1,412	1,412
Legal and professional	-	-	-	-	1	1
<b>Sub-total</b>	-	<b>1,591</b>	<b>1,591</b>	-	<b>1,413</b>	<b>1,413</b>
<b>Usage</b>						
Depreciation	3,059	38	3,097	3,693	53	3,746
Impairment charge / (reversals)	60	(2)	58	81	1	82
<b>Sub-total</b>	<b>3,119</b>	<b>36</b>	<b>3,155</b>	<b>3,774</b>	<b>54</b>	<b>3,828</b>
<b>Total provision of facilities</b>	<b>3,119</b>	<b>1,745</b>	<b>4,864</b>	<b>3,774</b>	<b>1,577</b>	<b>5,351</b>
<b>Total charitable activities</b>	<b>3,119</b>	<b>1,831</b>	<b>4,950</b>	<b>3,774</b>	<b>1,635</b>	<b>5,409</b>

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 £3.8million in 2020 (2019: £2.3million).

<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 2020 and 2019.

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 were paid travel and expenses during the year (2019: Five) as shown in note 4.

The Trustees did not receive fees or allowances for the year (2019: Nil) either directly from the Charity or the parent body ESC.

The audit fees for the year were £16,800 (2019: £16,000). There were no fees for non-audit work in 2020 and 2019.

## 6 Reconciliation of the movement in funds

	2020 £'000	2019 £'000
<b>Net assets at 1 April</b>	<b>113,204</b>	<b>110,946</b>
<b>Capital investment</b>		
Gifted assets (ESC)	1,099	1,994
<b>Other movements</b>		
Net revaluation of fixed assets	(1,647)	3,958
Depreciation	(3,097)	(3,746)
Operational (deficit) / surplus	(7)	22
(Decrease) / increase in value of investments	(49)	30
<b>Net assets at 31 March</b>	<b>109,503</b>	<b>113,204</b>

## 7 Tangible fixed assets

	Land	Buildings and bund	Leasehold improvements	Asset under construction	Equipment	Artworks and antiques	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost / Valuation</b>							
At 1 April 2019	19,102	112,756	1,168	1,139	2,621	827	137,613
Disposals	-	-	-	-	(66)	-	(66)
Gifted assets	-	931	-	-	168	-	1,099
Revaluation	-	(1,589)	-	-	-	-	(1,589)
Transfers	-	1,139	-	(1,139)	-	-	-
<b>At 31 March 2020</b>	<b>19,102</b>	<b>113,237</b>	<b>1,168</b>	<b>-</b>	<b>2,723</b>	<b>827</b>	<b>137,057</b>
<b>Depreciation and impairments</b>							
At 1 April 2019	12	(22,966)	(643)	-	(2,251)	38	(25,810)
Charge for year	-	(2,724)	(154)	-	(219)	-	(3,097)
Disposals	-	-	-	-	66	-	66
Impairment charge	-	(58)	-	-	-	-	(58)
<b>At 31 March 2020</b>	<b>12</b>	<b>(25,748)</b>	<b>(797)</b>	<b>-</b>	<b>(2,404)</b>	<b>38</b>	<b>(28,899)</b>
<b>Net Book Value</b>							
At 31 March 2019	19,114	89,790	525	1,139	370	865	111,803
<b>At 31 March 2020</b>	<b>19,114</b>	<b>87,489</b>	<b>371</b>	<b>-</b>	<b>319</b>	<b>865</b>	<b>108,158</b>

Assets are valued in accordance with the accounting policy note 1.5. The indices used as at 31 March 2020 include the valuer's judgement of the impact of Covid-19 (see page 11). The outbreak of the Novel Coronavirus (Covid-19) has impacted property markets with market activity being impacted in many sectors. As at the valuation date, less weight to previous market evidence and published build cost information for comparison purposes can be given to inform estimation of asset values which means less certainty and a higher degree of caution should be attached to the indices.

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).

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

	2020 £'000	2019 £'000
<b>Listed stocks and securities</b>		
Market value at 1 April	992	962
Revaluation of investment	(49)	30
<b>Market value at 31 March</b>	<b>943</b>	<b>992</b>

Investments as at 31 March 2020 represents holdings in the Sarasin Endowments Fund. The holding is classified as 'not held for trading'. However, the Crewkerne part of this investment (value at 31 March 2020 - £261k) is intended be used to purchase a property at the Lilleshall National Sports Centre during 2020-21.

The decline in value of the investments is more than likely due to the impact of Covid-19. Notification of a 11.8% decline in the value was received by Sarasin & Partners LLP on 13 March 2020.

The historical cost of the asset at 31 March 2020 was £0.9million (2019: £0.9million).

## 9 Debtors

	2020 £'000	2019 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	71	562
Prepayments	263	526
Accrued income <sup>1</sup>	513	628
<b>Total</b>	<b>847</b>	<b>1,716</b>
<b>Amounts falling due after more than one year</b>		
ESC <sup>2</sup>	375	186
<b>Total</b>	<b>375</b>	<b>186</b>
<b>Total</b>	<b>1,222</b>	<b>1,902</b>

<sup>1</sup> £0.5 million relates to the Bloomsbury Street lease (2019: £0.6million)

<sup>2</sup> Dilapidation provision for Bloomsbury Street (note 16).

## 10 Creditors

	2020 £'000	2019 £'000
<b>Amounts falling due within one year</b>		
Trade Creditors	21	-
ESC	147	143
Deferred income	263	526
Accruals	541	658
<b>Total</b>	<b>972</b>	<b>1,327</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 2018</b>	42,357	37,970	27,307	104	944	108,682
Gifted assets	-	1,994	-	-	-	1,994
Revaluation	3,980	-	-	-	-	3,980
Impairment (charge) / reversal	-	(86)	13	-	(8)	(81)
Depreciation	-	(2,368)	(1,298)	(4)	(23)	(3,693)
Amortisation of reserve	(1,213)	861	349	1	2	-
<b>Balance at 31 March 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	304	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>

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) currently 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 2018</b>	626	1,638	2,264
Amortisation of reserve	(24)	24	-
Revaluation	60	-	60
Impairment charge	-	(1)	(1)
Depreciation	-	(53)	(53)
Operational surplus	-	22	22
Revaluation of investments	-	30	30
<b>Balance at 31 March 2019</b>	<b>662</b>	<b>1,660</b>	<b>2,322</b>
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>

### <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 2020 £'000	Total 2019 £'000
<b>Restricted funds</b>					
Revaluation reserve	42,431	-	-	42,431	45,124
ESC Funded assets	38,101	-	-	38,101	38,370
ESC Lottery fund	25,552	-	-	25,552	26,372
Capital	99	-	-	99	101
Other	892	-	-	892	915
<b>Total</b>	<b>107,075</b>	<b>-</b>	<b>-</b>	<b>107,075</b>	<b>110,882</b>
<b>Unrestricted funds</b>					
Revaluation reserve	839	-	-	839	662
Other	244	943	402	1,589	1,660
<b>Total</b>	<b>1,083</b>	<b>943</b>	<b>402</b>	<b>2,428</b>	<b>2,322</b>
<b>Total funds</b>	<b>108,158</b>	<b>943</b>	<b>402</b>	<b>109,503</b>	<b>113,204</b>

## 14 Net cash flow from operating activities

	2020 £'000	2019 £'000
Net expenditure	(2,112)	(1,782)
Gifted assets	(1,099)	(1,994)
Impairment charges	58	82
Net losses / (gains) on investments	49	(30)
Investment income	(35)	(34)
Depreciation	3,097	3,746
Decrease / (increase) in debtors	680	(369)
(Decrease) / increase in creditors	(355)	320
Increase in provisions	189	-
<b>Total</b>	<b>472</b>	<b>(61)</b>

## 15 Commitments under operating leases

	2020 £'000	2019 £'000
Not later than one year	1,028	1,028
Between two and five years	1,745	2,735
Later than five years	-	38
<b>Total</b>	<b>2,773</b>	<b>3,801</b>

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

The Charity leases assets to ESC, Mountain Training Trust and British Rowing, and future commitments are expected to be met through their occupation of the properties.

The rental income for the year amounted to £0.7m (2019: £0.7million) all of which was receivable from ESC. Note 7 sets out in the Leasehold Improvement column the capital value held in relation to the properties leased to ESC.

## 16 Provisions

	Total £'000
Balance at 1 April 2019	186
Provisions made during the year	189
<b>Balance at 31 March 2020</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 (2019: Nil).

## 17 Value added tax

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

## 18 Capital commitments

The Charity had capital commitments contracted but not provided for in the financial statements as at 31 March 2020 amounting to £Nil (2019: £551,079).

## 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 (2019: £28,000).

ESC gifts fixed asset additions to the National Sports Centres the details of which are set in note 2. In 2020 this amounted £1.1million (2019: £2.0million).

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.

	2020 £'000	2019 £'000
Income	1,634	1,454
Amount owing from ESC	(105)	(70)

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 2019-20	Awards unpaid at 31 March 2020
Dave Cove: Board member, Wycombe Wanderers S & E Trust	£15,000	-

## **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.

CCS0220159376

ISBN 978-1-5286-1787-1