

THE SPORTS COUNCIL FOR WALES TRUST

Report of the trustees for the year ended 31st March 2018

The trustees present their annual report and financial statements of the charity for the year ended 31st March 2018. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by the Charities published in 2015.

Reference and Administrative Information

Charity number: 524477

Principal Office: Sport Wales National Centre, Sophia Gardens, Cardiff. CF11 9SW

Auditors: Auditor General for Wales, 24 Cathedral Road, Cardiff.

Trustees and Accounting Officer

The organisation has a sole Trustee, which is the Sports Council for Wales. They did not receive any remuneration for their service in the year (2016/17, £nil).

The charity considers the Trustee, The Sports Council for Wales, to be its ultimate controlling party and parent. The address for obtaining copies of the ultimate parent's consolidated financial statements is given above.

Structures, Governance and Management

Governing Document

The Sports Council for Wales Trust was constituted, under Trust Deed, on 16 May 1972 by the Sports Council for Wales.

Appointment of Trustees

The Trust Deed states that "the Trustees shall mean the Sports Council for Wales".

Trustee Induction and Training

Induction and training is delivered through the induction and training processes of the Sports Council for Wales.

Organisation

The Sports Council for Wales has delegated power to a sub-committee whose function it is to discharge the functions of the Trust. The sub-committee consists of two members of the Welsh Sports Association and at least two thirds of the members of the Sports Council for Wales.

The Chief Executive of the Sports Council for Wales also acts as the Accounting Officer for the Trust, for which she receives no remuneration from the Trust. All the administrative functions of the Trust, such as attending meetings, preparing papers and final accounts, are undertaken by employees of the Sports Council for Wales at no cost to the Trust.

Details of the composition of the Sports Council for Wales Board and of its Executive Senior Management Team are set out in the Annual Report and Accounts of the Sports Council for Wales for 2017/18. Copies can be obtained from the Sports Council for Wales website www.sport.wales or at its registered office:
Sophia Gardens
Cardiff
Wales
CF11 9SW

Related Parties

The Sports Council for Wales is the Trustee of the Sports Council for Wales Trust. The only related party transactions recorded in these accounts are in respect of the Trust's relationship with the Sports Council for Wales. These transactions are detailed in the Statement of Financial Activities, Cash Flow Statement and Note 7.

Risk Management

The risk management process of the Sports Council for Wales covers the Sports Council for Wales Trust as well and the full Governance Statement can be found in the consolidated accounts.

During the 2017/18 financial year the main factors comprising the risk management process are:

- Four meetings per year of the Audit & Risk Committee;
- An internal audit programme, agreed by the Audit & Risk Committee and delivered and reported upon by appointed internal auditors;
- The maintenance of a Risk Register which is reviewed by internal audit and the Corporate Risk Register is reported at every Audit & Risk Committee;
- Annual processes to ensure risks are identified and controls regularly reviewed;
- Four meetings per year of the Risk Management Group.

Objectives and Activities for the Public Benefit

The charitable objectives of the Trust are:

- preserving and safeguarding the physical and mental health of the community through physical recreation (including sport) and the education in relation thereto; and
- the provision of facilities for physical recreation (including sport) which shall be available to members of the public at large.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's Guidance on Public Benefit when reviewing the Trust's aims and objectives and in planning future activities.

The Sports Council for Wales (as the Trustee of the Trust) holds two national sporting facilities on trust for the Trust. These facilities are operated and managed for the Trust by the Sports Council for Wales via a Facilities Management Agreement. The Trust therefore delivers its charitable objectives through this agreement with the Sports Council for Wales.

Financial Review

The net outgoing resources for the Trust during the year were (£22,000), 2016/17 outgoing resource (£145,000). Overall there was a net decrease in funds of (£2,409,000), (2016/17 increase of £4,000) caused in the main by a revaluation loss of the two national centres. This revaluation loss was mainly due to a change in build rate for the National Centre in Cardiff from that used in 2017, together with a reduction in the regional factor for South Glamorgan. The professional valuation was carried out as at 31 March 2018.

Reserve Policy

The unrestricted public funds of the Trust are expendable at the discretion of the Trustees in furtherance of the charitable objectives as contained within the Trust Deed.

Plans for Future Periods

The Trustees have no major plans that will significantly change the current level of activity of the Trust. However, the continued level of activity of the Trust will depend upon the continued receipt of public funds from the Welsh Government via Sports Council for Wales.

Statement On Disclosure Of Relevant Audit Information

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

TRUSTEES RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Under its Trust Deed, dated 16 May 1972, the Sports Council for Wales Trust is required to prepare a statement of accounts on an accruals basis. The accounts must give a true and fair view of the Trust's state of affairs at the year end and of its incoming resources and resources expended, and cash flows for the financial year.

In preparing the accounts the Trust is required to:

- observe the Statement of Recommended Practice issued by the Charity Commissioners for England and Wales, including the relevant accounting and disclosures requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The Principal Accounting Officer for the Welsh Government has appointed the Chief Executive as the Accounting Officer for the Sports Council for Wales Trust. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances, for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Trust's assets, are set out in the Welsh Government's Accounting Officer's Memorandum issued by the Treasury.

ACCOUNTING OFFICER: S Powell
(ON BEHALF OF THE SOLE TRUSTEE)

09/07/2018

The independent auditor's report of the Auditor General for Wales to the trustees of Sports Council for Wales Trust

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Sports Council for Wales Trust for the year ended 31 March 2018 under the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008 (as amended). These comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of the charity as at 31 March 2018 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 Charities Act 2011.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

Report on other requirements

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The trustees are responsible for the other information in the annual report and accounts. 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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Matters on which I report by exception

I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require me to report to you if, in my opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report;
- sufficient accounting records have not been kept;
- 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

Responsibilities of the trustees for the financial statements

As explained more fully in the statement of trustees' responsibilities set out on page 4, the trustees are responsible for preparing the financial statements in accordance with the Charities Act 2011, for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

I have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 an auditor's 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Huw Vaughan Thomas
Auditor General for Wales
17 July 2018

24 Cathedral Road
Cardiff
CF11 9LJ

THE SPORTS COUNCIL FOR WALES TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2018

	<u>Notes</u>	<u>2017/2018</u> <u>£'000</u> <u>Unrestricted</u> <u>Public Funds</u>	<u>2016/2017</u> <u>£'000</u> <u>Unrestricted</u> <u>Public Funds</u>
<u>INCOME AND ENDOWMENTS FROM</u>			
Donations and Legacies:			
Grant received from the Sports Council for Wales	2	367	301
Other Income	6	-	22
Total		<u>367</u>	<u>323</u>
<u>EXPENDITURE ON</u>			
Depreciation	3	386	435
Charitable Activities:			
Audit fee		3	3
Other		-	30
Total		<u>389</u>	<u>468</u>
NET (OUTGOING) RESOURCES		(22)	(145)
Gains / (Losses) on revaluation of tangible fixed assets	3	(2,387)	149
NET DECREASE IN FUNDS FOR THE YEAR		<u>(2,409)</u>	<u>4</u>
Total funds brought forward at 1 April	4	<u>19,026</u>	<u>19,022</u>
Total Funds carried forward at 31 March	4	<u>16,617</u>	<u>19,026</u>

All activities are continuing
All gains and losses have been recognised

The notes on pages 10 to 14 form part of these accounts

THE SPORTS COUNCIL FOR WALES TRUST

BALANCE SHEET AS AT 31 MARCH 2018

	<u>Notes</u>	<u>31 March</u> <u>2018</u> £'000	<u>31 March</u> <u>2017</u> £'000
		<u>Unrestricted</u> <u>Public Funds</u>	<u>Unrestricted</u> <u>Public Funds</u>
FIXED ASSETS			
Tangible fixed assets	3	16,613	19,022
CURRENT ASSETS			
Cash at bank and in hand		<u>4</u>	<u>4</u>
NET CURRENT ASSETS		4	4
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,617</u>	<u>19,026</u>
FINANCED BY:			
Unrestricted Revaluation Reserve	4	4,935	7,708
Unrestricted General Fund	4	11,682	11,318
Total unrestricted funds		<u>16,617</u>	<u>19,026</u>

The financial statements were approved by the Sole Trustee on 9th July 2018 and were signed on its behalf by;

ACCOUNTING OFFICER: S Powell
09/07/2018

The notes on pages 10 to 14 form part of these accounts

THE SPORTS COUNCIL FOR WALES TRUST

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

A cash-flow statement for the year ending 31 March 2018 has not been produced because the Trust did not generate any cash transactions during the year.

All of the entries shown in the Statement of Financial Activities were either notional, non-realised or transacted through the bank account of the Sports Council for Wales.

	<u>2017/2018</u> <u>£'000</u>	<u>2016/2017</u> <u>£'000</u>
Increase in cash in the period	-	-
Net funds as at 1 April	<u>4</u>	<u>4</u>
Net funds as at 31 March	<u>4</u>	<u>4</u>

The notes on pages 10 to 14 form part of these accounts

THE SPORTS COUNCIL FOR WALES TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Basis of accounting

The accounts have been prepared on a going concern basis, under the historical cost convention modified to include the revaluation of certain fixed assets. Without limiting the information given, the accounts meet the requirements of Accounting Standards issued and adopted by the Accounting Standards Board in so far as these requirements are appropriate to the Trust, and also the Statement of Recommended Practice (SORP) issued by the Charity Commissioners for England and Wales in 2015 (FRS 102) & Updated Bulletin 1 issued in February 2016.

The national centres are managed on the Trust's behalf by the Sports Council for Wales. All financial transactions relating to the income and expenditure of the national centres are brought to account by the Sports Council for Wales, including relevant amounts for debtors and creditors. The Sports Council for Wales prepares a separate consolidated account which brings together the balances relating to the Trust and to its own financial affairs.

1.2 Funding

The Trust receives a notional grant from the Sports Council for Wales for capital expenditure on tangible fixed assets and to meet the costs of the external audit service. This grant is credited to the Statement of Financial Activities. The proceeds from the disposal of all tangible fixed assets are surrendered to the Sports Council for Wales.

1.3 Incoming Resources and Resources Expended

The Trust, as a non-operating entity, receives no income apart from the non-cash grant from the Sports Council for Wales, gains on the disposal of fixed assets and any investment income it receives. Likewise, the Trust incurs no expenditure other than to account for depreciation on its assets and the external audit fee.

1.4 Tangible fixed assets

Plas Menai is owned by the Trust and the freehold land is included in the balance sheet at open market value. The Sport Wales National Centre is leased and the land is considered to be held under the operating lease and is therefore not included in the Trust's balance sheet.

Both buildings are included in the balance sheet at depreciated replacement cost to reflect the specialist nature of the buildings. Professional valuations are obtained every year

Equipment and vehicles are included in the balance sheet at historic cost less a provision for depreciation. In the opinion of the Trustees, there is no material difference between the historic and current cost net book values of these assets.

The carrying value of assets (excluding land and buildings), are reviewed at each reporting period date to determine whether there is any indication of impairment. If such an indication exists, the assets recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and its value in use.

The Trust has a capitalisation threshold of £5,000.

1.5 Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets having regard to their estimated useful lives and anticipated residual values. The asset lives used for this purpose are as follows:

Freehold property	35 years
Long leasehold property	35 – 50 years
Equipment – computers	3 years
other	3 - 10 years
Vehicles	5 years

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

1.6 Taxation

As a registered charity, the Sports Council for Wales Trust is entitled to the exemptions from taxation in respect of income and capital gains received within Sections 478 – 489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only. No tax charges have arisen in the charity.

1.7 Administration Costs

All administration expenses of the Trust are met directly by the Sports Council for Wales.

2. GRANT RECEIVED FROM THE SPORTS COUNCIL FOR WALES

A grant of £367,000 (2016/17 £301,000) was received from the Sports Council for Wales and was applied for the following purposes:

	<u>2017/2018</u>	<u>2016/2017</u>
	<u>£'000</u>	<u>£'000</u>
Purchase of capital assets	364	298
Audit fee	3	3
	<u>367</u>	<u>301</u>

No cash funds are paid to or received by the Trust relating to the above grant. Instead the purchase of assets and the payment of the audit fee is transacted through the bank account of the Sports Council for Wales, and a notional figure equal to this expenditure is entered into the accounts of the Trust.

3. TANGIBLE FIXED ASSETS

	Plas Menai Freehold Land and Buildings	Sport Wales National Centre Buildings	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or Valuation at 1 April 2017	6,209	12,813	569	19,591
Additions	205	159	-	364
Disposals	-	-	-	-
Revaluation	(283)	(2,490)		(2,773)
At 31 March 2018	6,131	10,482	569	17,182
Depreciation at 1 April 2017	-	-	(569)	(569)
Charge for the year	(170)	(216)	-	(386)
Disposals	-	-	-	-
Revaluation	170	216	-	386
At 31 March 2018	-	-	(569)	(569)
Net Book Value at 31 March 2018	6,131	10,482	-	16,613
Net Book Value at 31 March 2017	6,209	12,813	-	19,022

The Trust's land and buildings were valued as at 31 March 2018 at £16,613,000 by Messrs Cooke & Arkwright, Chartered Surveyors. The valuation was produced in accordance with the RICS Appraisal and Valuation Standards, 6th Edition. The buildings were valued using the depreciated replacement cost method because of their specialised nature. Lease payments of £3,071 per annum are paid for the Sport Wales National Centre. There are fifty years remaining on the existing ninety-nine year lease, equating to an overall outstanding commitment of £153,550. Outstanding commitments will be funded by the Sports Council for Wales. The revaluation loss of £2,773,000 was mainly due to a change in build rate for the National Centre in Cardiff from that used in 2017, together with a reduction in the regional factor for South Glamorgan.

4. MOVEMENT IN FUNDS

	Unrestricted Revaluation Reserve	Unrestricted General Fund	Total <u>2017/2018</u> £'000	Total <u>2016/2017</u> £'000
	£'000	£'000	£'000	£'000
Fund at 1 April	7,708	11,318	19,026	19,022
Total incoming resources	-	367	367	323
Total resources expended	-	(389)	(389)	(468)
Revaluation of tangible fixed assets	(2,387)	-	(2,387)	149
Transfer to general fund	(386)	386	-	-
Fund at 31 March	<u>4,935</u>	<u>11,682</u>	<u>16,617</u>	<u>19,026</u>

The unrestricted revaluation reserve has arisen from the revaluation of Freehold land and buildings at Plas Menai and the Sport Wales National Centre.

The unrestricted general fund represents the funds available to all other activities that the Sports Council for Wales Trust undertakes as shown in the Statement of Financial Activities.

5. CAPITAL COMMITMENTS

	<u>31 March</u> <u>2018</u> £'000	<u>31 March</u> <u>2017</u> £'000
Contracted but not paid	<u>6</u>	<u>3</u>

These capital commitments are entered into by the Sport Council for Wales on behalf of the Trust and will be met by the Sports Council for Wales.

6. DISPOSAL OF TANGIBLE FIXED ASSETS

Unrestricted Public Funds	<u>2017/2018</u>	<u>2016/2017</u>
	£'000	£'000
Gross book value	-	170
Accumulated depreciation	-	(162)
Net book value	<u>-</u>	<u>8</u>
Proceeds	-	30
Gain on disposal	<u>-</u>	<u>22</u>

7. RELATED PARTY TRANSACTIONS

There are no additional related party transactions that require disclosure other than the grant received from Sports Council for Wales, as shown in Note 2.

8. POST BALANCE SHEET EVENTS

There are no post balance sheet events to impact on these financial statements. The financial statements were authorised for issue by the Accounting Officer on the same date as the Auditor General for Wales certified them.