

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

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# Sports Council for Wales Lottery Distribution Account 2009-2010

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# Sports Council for Wales Lottery Distribution Account 2009-2010

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON 28 OCTOBER 2010

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# Annual Report

## Foreword

## History and statutory background

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

## Management

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

The Sports Council for Wales currently comprises of a Board of ten members. The name of the Council Chief Executive and the names of the Council members who served throughout the year are listed below.

Prof L McAllister*/**	(Chair appointed 1 February 2010)
Mr Phil Carling**	(Chair retired 31 January 2010)
Mr Robert Harris	
Mr H Meredydd*	
Mrs A Baumgardt	
Mr R Palmer*	
Mr D L Roberts	
Dr W M Leyshon	
Mr M Warren*/**	
Mrs S M Thomas	
Mr D R Turner	(Co-opted member resigned 30 June 2009)*
Dr H Jones	(Chief Executive)

\* Member of the Audit Committee

\*\* Member of the Remuneration Committee

## Registered office

Sophia Gardens  
Cardiff  
Wales  
CF11 9SW

## Members of the lottery panels

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

The Members Panel members are listed below

Mr R Palmer – Chair\*  
Prof L McAllister – Vice Chair\*  
Mr D L Roberts\*  
Dr W M Leyshon\*  
Miss Anne Ellis OBE

\*Member of The Sports Council for Wales

## Declarations of interest

All Members and Senior staff of the Sports Council for Wales have completed a return detailing any interests in organisations which provide, or may seek to provide, commercial services to the Council for 2009-2010. Information provided that requires disclosure in accordance with International Accounting Standard 24 is disclosed in Note 18 of these accounts.

# Management Commentary

## Performance and development during the year

The Welsh Assembly Government funds the Sports Council for Wales to deliver its strategic policy objectives in relation to sport and physical recreation.

On 1 April 2010 the organisation began to trade under the name Sport Wales Cymru rebranding itself in order to present a more modern organisation.

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

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

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

We utilise a thematic approach to our work; this enables the development of the different facets of sport and physical recreation to be viewed more holistically. 'Active Young People', for example, involves looking at extra-curricular activity, club activity, performance pathways, as well as looking at the synergies between programme specific activity (for example, Free Swimming, 5x60 and PE and School Sport (PESS)).

## Capital grants

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

Capital grants totalling £2,297,000 (2008-2009 £2,168,000) were met during the year. The amount provided in the accounts for hard commitments (signed contracts) relating to capital grants fell by £1,672,000 in 2009-2010 (2008-2009 increase of £615,000).

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

<sup>1</sup> Sport Wales' traffic light system for scrutinising business performance:

*Green:* the approach appears to be the right one;

*Amber:* some initial concerns raised about the approach; and

*Red:* significant concerns raised about the approach.

## Revenue grants

Revenue grant payments totalling £4,966,000 (2008-2009 £5,036,000) were met during the year. The amount provided in the accounts for hard commitments (signed contracts) relating to revenue grants fell by £652,000 2009-2010 (2008-2009 increase of £1,654,000).

## Delivering performance

- Sport Wales has continued to ensure that National Governing Bodies (NGBs) have sound governance in place. 47 NGBs have completed self-assurance assessments; this compares to 40 the previous year.
- In order to ensure that athletes are able to maximise the benefits of their training and performance in competition, Sport Wales has established 27 partnerships with HE/FE institutions' sport science departments to provide coach and athlete support throughout Wales.
- 61 Olympic and Paralympic athletes on the World Class pathway based in Wales are being supported, where requested, via Service Level Agreements with their sports.
- The North Wales Regional Institute of Sport has been launched; support service networks for more than 70 identified athletes based in North Wales have been established with a number of partners, including Bangor University and Glyndŵr University.
- Sport Wales also continues to provide direct support to elite and talented performers to ensure they have every opportunity to deliver on the international stage: 40 athletes in Wales have reached the criteria for Elite Cymru; and 132 athletes have reached the criteria for Talent Support (now Talent Cymru).

## Strong Sport Wales

- Over the course of the year, the two National Centres (Plas Menai National Watersports Centre and the National Centre) have been reviewed in terms of their role and purpose to ensure that they are on a sound financial footing to provide appropriate facilities and services to meet the needs of NGBs and elite athletes.
- During 2009-2010, Sport Wales has invested time in improving its bottom-up understanding of the delivery and development of sport and physical recreation in the regions of Wales. Sport Wales' regions all now have in-house regional plans that are being reviewed on a quarterly basis.
- An evaluation framework continues to be implemented to determine the impact of projects that have been funded through Sport Wales' corporate grants. This forms part of our wider process of identifying examples of good practice which, in turn, will help to inform future development and advocacy work.
- Our two major population-based surveys which monitor participation levels in sport (Active Adults Survey 2008-2009 and Active Young People 2009) were undertaken. The data from these surveys has been analysed and disseminated, and is being utilised to help shape policy and practice.
- Sport Wales' various websites have continued to receive an increased number of visits. The main corporate website has, for example, received 797,068 sessions during 2009-2010 compared to 697,643 in 2008-2009. There were 60,631 sessions during 2009-2010 on the 5x60 website and 179,705 sessions on the Disability Sport website. It appears that this method of communication is favoured with our stakeholders.
- Sport Wales' first campaign, Time for Action, was launched in September 2009. It achieved publicity across 30 different outlets and included regional feature material. It also appeared in trades, web and wires and Wales national outlets as well as *The Daily Telegraph*. Our second campaign, Shape Up on a Shoestring, launched early November and generated more than 50 different clips of print coverage which focused on feature material and real life case studies. This achieved significant coverage and secured a strong geographical spread across the whole of Wales.
- Significant work on Equality issues has been made within Sport Wales over the year. We have consulted with key stakeholders, staff and equality organisations on our Equality Scheme. Our Equality Action Plan sets out our work for the year; this is updated quarterly. We have also undertaken equality impact assessments on six core functions of our work. We achieved the Foundation level of the Equality Standard for Sport in June 2009. One of the key ways in which we're embedding equality in our work is through the use of departmental Equality Champions; the Champions are advocates and are the first point of call for equality issues.



## Dragon Sport

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

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

96 per cent of primary schools in Wales offer the Dragon Sport scheme. Over the period 2009-2010, there were 176,148 registrations in Dragon Sport activities; it is pleasing to note that this has increased by 16,538 from 159,610 over the previous year despite the same percentage of schools being involved.

The Sports Council for Wales supports the development of sport for people with disabilities through the provision of funding to Disability Sport Wales. During 2009, Disability Sport Wales continued to make significant progress in providing opportunities for people to participate in sport by establishing new clubs, helping clubs to become inclusive, developing its membership base, and recruiting and developing coaches and volunteers.

## Disability Sport

Disability Sport Wales has invested significant time over the year in revising the collection of its key performance information to ensure that the data is as robust as it can be. In addition, the data for 2009 represents just 21 of the 22 local authorities. Year-on-year comparisons must therefore be viewed in this context.

In 2009, there were 3,038 disabled members of disability sport clubs and 3,064 disabled members of inclusive sport clubs. 293 clubs provided local opportunities for disabled members (2008: 369). The number of participatory opportunities has risen significantly, almost doubling from 356,323 to 683,099. This can be attributed to a number of factors.

Mainstream clubs that are now opening their doors to disabled participants

- the increase in quality of the pre-existing clubs enabling a greater capacity for membership;
- a significant rise in appropriately trained coaches providing quality coaching and leadership to disabled participants;
- a stronger base of both retained and new volunteers ensuring a positive and supportive environment for disabled participants;
- a wider range of provision within each Local Authority, covering both sports and geographical location, offering greater choice for disabled people; and
- an offer of appropriate opportunities for 'harder to reach' individuals; those, for example, with acquired or new disabilities.

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

<b>Active Young People</b>		
<b>Objective</b>	<b>Outcome 2009-2010</b>	<b>Outcome 2008-2009</b>
Number of structured aquatic sessions provided for the 16 and under age group	<b>79,127</b>	67,692
Number of unstructured aquatic sessions provided for the 16 and under age group	<b>471,435</b>	535,188
Number of Dragon Sport registrations	<b>176,148</b>	159,610
<b>Developing People</b>		
<b>Objective</b>	<b>Outcome 2009-2010</b>	<b>Outcome 2008-2009</b>
2009-2010		
Number of continuing professional development opportunities offered to teachers through Active Young People training programmes	<b>7,226</b>	4,500
Number of Active Young People organisers trained	<b>4,150</b>	3,913
Number of students attending Sports Leaders Awards courses	<b>5,434</b>	3,921
Number of sport specific active coaches	<b>14,519</b>	11,297
Number of sport specific leaders	<b>9,071</b>	5,500
Number of generic coaches trained	<b>2,327</b>	1,798
<b>Wales, A Successful Sporting Nation</b>		
<b>Objective</b>	<b>Outcome 2009-2010</b>	<b>Outcome 2008-2009</b>
Number of national governing bodies have completed self-assurance assessments	<b>47</b>	40
Number of Olympic and Paralympic athletes on the World Class Pathway, based in Wales, that Sport Wales provides support services to via Service Level Agreements with the sports	<b>61</b>	77
Number of athletes reaching the criteria for Elite Cymru	<b>53</b>	36
Number of athletes reaching the criteria for Talent Cymru	<b>161</b>	132
<b>Strong Sport Wales</b>		
<b>Objective</b>	<b>Outcome 2009-2010</b>	<b>Outcome 2008-2009</b>
Number of sessions on the Sport Wales website	<b>797,068</b>	697,643
Percentage of undisputed invoices paid within 30 days of receipt	<b>99%</b>	98%
Investment in training per head	<b>£468</b>	£500
Sickness absence rate	<b>3.04%</b>	2.75%

Over the period of our Corporate Plan, 2009-2011, we aim to

- increase levels of participation in sport by children and young people in Wales;
- give children and young people the skills and confidence to take part in sport through the provision of high quality physical education and the effective delivery of physical literacy;
- raise levels of participation in sport among the adult population of Wales;

- improve the number of and skills of volunteers and professionals involved in the delivery of sport;
- create a culture that encourages innovation and enterprise within the workforce; and
- deliver international success for Wales on the sporting stage.

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

## Financial results

Net income for the financial year amounted to £2,494,000 (2008-2009 net expenditure of £2,128,000). This has been transferred to reserves.

The statement of financial position for 2009-2010 shows a total net asset figure of £4,667,000 (2008-2009, £2,212,000).

## Movement on lottery balance to 31 March 2010

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

Balance at 1 April 2009	Income received (Net)	Money Drawn Down From National Lottery Distribution Fund	Transfer to Olympic Lottery Distribution Fund	Unrealised Loss	<b>Balance at 31 March 2010</b>
(£000)	(£000)	(£000)	(£000)	(£000)	<b>(£000)</b>
9,858	11,193	(8,650)	(1,952)	(28)	<b>10,421</b>

The table shows an increase in the balance held of £0.563 million, compared to £0.423 million in the previous financial year.

## Environmental, social and community issues

### Environmental issues and policy

The Sports Council for Wales is actively pursuing policies that will seek to reduce the impact the Council's operations have on the environment. Whilst the Council will undertake a number of initiatives to reduce environmental impact, the main delivery will be achieved via the Green Dragon Environmental Standard and by working in conjunction with the Carbon Trust.

The work undertaken so far by the Council has reduced gas, oil and electricity consumption over a number of years, resulting not only in a lower carbon footprint but also in reduced fuel costs. The determination by the Council to reduce the environmental impact of its activities has been recognised with the awarding of level two of the Green Dragon standard to both the Council's National Centres.

### Social and community issues

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

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

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

The objective of the strategy is to have

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

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

## Pension scheme

Employees of the Sports Council are members of the Cardiff and Vale of Glamorgan Pension Fund (the Fund). The Fund is a defined benefit scheme providing benefits based on final pensionable pay, and its assets are held separately from those of the Sports Council for Wales. Any pension built up before April 2008 is calculated at a rate of 1/80th with a lump sum of three times pension. Pension built up from 1 April 2008 is calculated at the rate of 1/60th and there is an option to take an extra lump sum in exchange for some pension. The contributions of employees are set at 5.5 per cent to 7.5 per cent based on salary range (or 5 per cent for manual staff, who joined the scheme before October 1998).

## Sickness absence data

The sickness data for 2009-2010 for the Sports Council for Wales is as follows

Days Lost (Short Term)	Days Lost (Long Term)	Total Days Lost	Total Number of Employees (FTE)	Total Sick Days Lost Per Person
695.47	454.12	1,149.59	145.48	7.90

The Sports Council for Wales management are provided with quarterly sickness reports to enable them to understand and manage sickness absence.

The average days lost through sickness in the Welsh Assembly Government for 2009-2010 was 8 days per person and for the Public Sector as a whole the benchmark was 9.7 average days.

## Employee policy

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

## Personal data management

### Current practices

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

All sources of personal and sensitive data are recorded in the Council's Risk Register and assigned to managers to ensure the ongoing proper maintenance and use of the data.

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

Finally, the Staff Handbook contains a section which provides guidance on data protection issues and this is available to all staff via the corporate intranet.

### Future data protection controls

During the 2010-2011 financial year Sport Wales will review its information technology procedures and will introduce further measures to protect personal data. These include such measures as encrypting portable computers and rollout of SmartCards for authentication of users on the network.

During 2009-2010 there were no personal data related issues to report.

### Supplier payment policy

The Sports Council for Wales complies with the Better Payment Code (which can be located on [www.payontime.co.uk](http://www.payontime.co.uk)) and has a policy of paying supplier accounts within 30 days of receipt of agreed invoices following the supply of goods or services, this policy will be used for the current and following year. During 2009-2010 99 per cent of transactions by number were paid within 30 days. The Sports Council for Wales agree and abide by the terms of settlement with its suppliers, all variation to this procedure must be agreed in writing. Analysis of payments made during the year reveals that the supplier settlement days were three days (2008-2009 23 days). No interest was incurred by the Council during the year as a result of late payments. The Sports Council for Wales is also aiming to pay suppliers wherever possible within 10 days in accordance with the Managing Public Money guidance issued in October 2008. During 2009-2010 88 per cent of transactions by number were paid within this timescale.

### Risk identification and management

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

During 2009-2010 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via the Council's internal network.

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

The Risk Register is reviewed at regular intervals by managers, and reported on to the Audit Committee. During the year the major risks that had been identified were also reviewed at full Council.

### Financial risk and capital management

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

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

#### **Liquidity risks**

The Council is satisfied that it has sufficient liquid resources, in the form of cash at bank and agreed funding for 2010-2011, to meet all current contracted commitments. The Council considers that it is not exposed to significant liquidity risks.

#### **Interest rate risks**

Cash balances, which are drawn down from the National Lottery to pay grant commitments and operating costs, are held in instant access variable rate bank accounts which on average carried an interest rate of 0.50 per cent (2008-2009 2.08 per cent) in the year. The year-end cash balance held by the Council in the bank was £297,000.

**Foreign currency risk**

The Council is not exposed to any foreign exchange risks.

**Cash flow risk**

The Council is not exposed to any cash flow risk.

**Remuneration of auditors**

The Audit Committee oversees the nature and amount of non audit work undertaken by Wales Audit Office, our external auditors as appointed by agreement by the Comptroller and Auditor General. During the year 2009-2010 no non audit work was undertaken by Wales Audit Office on the Lottery Distribution Account.

**Statement on disclosure of relevant audit information**

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

## Remuneration Report

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

### Remuneration policy

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

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

### Service contracts

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

The Council Members are appointed by Welsh Ministers for a three year contracted period and may be reappointed for a further three year period. The Chairman is remunerated at a daily rate of £337 and is contracted to work two days per week (three days up until 31 January 2010). The Vice Chair is remunerated at a daily rate of £311 and is contracted to work one day per week, although this position has been vacant since 1 February 2010. Other Council Members receive a daily rate of £282 and are contracted to work two days per month.

### Notice period

The Chief Executive is entitled to 4 months notice of termination of contract by the Sports Council of Wales and the remaining Senior Staff are entitled to three months notice of termination of contract.

### Salary

'Salary' includes gross salary and performance bonuses where applicable. During the year the Chief Executive received a gross salary of £76,416. In 2008-2009 the Chief Executive was eligible to a bonus, his salary therefore comprised a gross salary of £69,192 and a non-consolidated bonus for the year of £4,868.

A proportion of the Senior Management salary costs are allocated to lottery.

### Benefits in kind

There are no benefits in kind.

### Salary and pension entitlements

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

**Remuneration (subject to audit)**

Name	Title	Salary 2009-2010 £000	Salary 2008-2009 £000
Prof L McAllister (from 1 April 2007)	Chair (Appointed 1 February 2010) (Full year equivalent: £35,000 - £40,000) Vice Chair (to 31 January 2010) (Full year equivalent: £15,000 -£20,000)	15 - 20	15 -20
P Carling (from 1 February 2007 to 31 January 2010)	Chair (Retired 31 January 2010) (Full year equivalent: £50,000 - £55,000)	40 - 45	50 - 55
Dr H Jones (from 1 January 2003)	Chief Executive	75 - 80	70 - 75
C James (from 1 February 2006)	Director of Corporate Services	65 - 70	65 - 70
A Hamilton (from 1 September 2007)	Head of People & Programme Development	55 - 60	55 - 60
A Williams (from 14 December 1994)	Manager Plas Menai Watersports Centre	55 - 60	55 - 60
S Powell (from 1 September 2007)	Head of Performance and Excellence	50 - 55	45 - 50
M Frost (from 1 September 2007)	Head of Regions	55 - 60	55 - 60
M Zapple (from 1 April 1997)	Manager Welsh Institute of Sport	55 - 60	55 - 60
G Davies (to 28 February 2009)	Director of Operations	-	65-70
S Thomas (from 6 April 2009)	Head of Communications	50 - 55	-
A Baumgardt (reappointed from 1 April 2009 to 31 March 2012)	Council Member	5-10	5-10
R Palmer (reappointed from 1 April 2009 to 31 March 2012)	Council Member	5-10	5-10
R Harris (reappointed from 1 April 2009 to 31 March 2012)	Council Member	5-10	5-10
H M Davies (reappointed from 1 April 2009 to 31 March 2012)	Council Member	5-10	5-10
D L Roberts (from 1 April 2008 to 31 March 2011)	Council Member	5-10	5-10
S M Thomas (from 1 April 2008 to 31 March 2011)	Council Member	5-10	5-10
M J Warren (from 1 April 2008 to 31 March 2011)	Council Member	5-10	5-10
Dr W M Leyshon (from 1 April 2008 to 31 March 2011)	Council Member	5-10	5-10



**Pension Benefits (subject to audit)**

Name	Real increase in Pension and lump sum at age 65 £000	Total accrued Pension at age 65 at 31 March 2010 (lump sum) £000	CETV at 31 March 2010 £000	CETV at 31 March 2009 £000	Real increase CETV in Year £000
Dr H Jones Chief Executive	0-2.5	20.0-25.0 (55.0-60.0)	497	409	82
C James Director of Corporate Services	0-2.5	5.0-10.0 (10.0-15.0)	108	84	19
A Hamilton Head of People and Programme Development	0-2.5	5.0-10.0 (20.0-25.0)	185	147	34
A Williams Manager Plas Menai Watersports Centre	0-2.5	15.0-20.0 (40.0-45.0)	364	323	37
S Powell Head of Performance and Excellence	0-2.5	5.0-10.0 (15.0-20.0)	103	82	17
M Zapple Manager Welsh Institute of Sport	0-2.5	5.0-10.0 (20.0-25.0)	300	265	31
M Frost Head of Regions	0-2.5	0.0-5.0 (5.0-10.0)	133	112	17
S Thomas Head of Communications	0-2.5	0.0-5.0 (0.0-0.0)	6	-	3

**Cash Equivalent Transfer Values**

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

**Real Increase in CETV**

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

*Dr H G Jones*  
Accounting Officer

17 September 2010

## Statement of the Council's and Chief Executive's responsibilities

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

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

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

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

*Dr H G Jones*  
Accounting Officer

17 September 2010

# Statement on Internal Control

## Scope of responsibility

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

## The purpose of the system of internal control

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

The system of internal control has been in place at the Council for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. Finally, the system of internal control provides reasonable assurance that the Council has complied with the Lottery financial directions and that adequate processes are in place for the detection of conflicts of interest and to minimise losses of Lottery grants.

## Capacity to handle risk

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

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

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

## The risk and control framework

During 2009-2010 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via the Council's internal network.

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

During 2009-2010 the policy of requesting managers to attend audit committees continued. In attending the committees, managers talked through their sections of the Risk Register, with an emphasis on explaining the controls they had in place to prevent the risk actually happening.

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

In 2009-2010 there were no information risk issues to report.

## Review of effectiveness

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

The Council's Audit Committee not only reviews the Risk Register, but also reviews management procedures for risk assessment and the high level controls in place to moderate business risk. In particular, it examines

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

The internal audit service of the Sports Council for Wales during 2009-2010 was provided by KTS Owens Thomas Ltd, which operated to standards defined in the Government Internal Audit Manual. Internal audit submit regular reports which include the Head of Internal Audit's independent annual opinion on the adequacy and effectiveness of the Council's system of internal control, together with recommendations for improvement.

Whilst the current system of internal control is strong, nevertheless there are always areas which will benefit from the implementation of improvements. With this ethos of continuous improvement in mind, controls will be improved during 2010-2011 by actioning the following

- to revise the existing risk appetite documentation and to have the level of risk appetite, by risk category, endorsed by the Council;
- to provide training for managers in key areas of control that will include risk management, budgetary control and procurement; and
- to implement a new computerised accounting system that brings many enhancements, but particularly enhancements to procurement and system access controls.

*Dr H G Jones*  
Accounting Officer

17 September 2010

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

I certify that I have audited the financial statements of the Sports Council for Wales Lottery Distribution Account for the year ended 31 March 2010 under the National Lottery etc. Act 1993 (as amended). These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As explained more fully in the Statement of Council's and Chief Executive's Responsibilities, the Council and Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the Audit of the financial statements

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

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion

- the financial statements give a true and fair view of the state of the Sports Council for Wales Lottery Distribution Account's affairs as at 31 March 2010 and of its net income, changes in equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport.

## Opinion on other matters

In my opinion

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport; and

- the information given in the Annual Report which comprises Management, Performance and development during the year, Financial results, Movement on lottery balance to 31 March 2010, Environmental, social and community issues, and Financial risk and capital management for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.

*Amyas C E Morse*  
Comptroller and Auditor General

6 October 2010

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

## Net Expenditure Account for the year ended 31 March 2010

	Notes	2009-2010 £000	2008-2009 £000
<b>Gross income</b>			
Proceeds from National Lottery Distribution Fund (NLDF)		11,133	9,402
Investment returns from the NLDF		79	457
Recoveries of grant		11	18
Other Income	9	185	9
<b>Total income</b>		<b>11,408</b>	9,886
<b>Expenditure</b>			
Grant commitments made in year	4	5,161	9,814
Less Lapsed and revoked commitments	4	(222)	(341)
Staff costs	8	1,631	1,682
Depreciation: owned assets	10	11	9
Other Operating Costs	9	354	427
Olympic Lottery Distribution Fund		1,952	488
Loss/(Surplus) on the revaluation of NLDF investments		28	(33)
<b>Total Expenditure</b>		<b>8,915</b>	12,046
Net income/(expenditure) before interest and taxation		2,493	(2,160)
<b>Investment income</b>			
Interest receivable		1	40
<b>Net income/(expenditure) before taxation</b>		<b>2,494</b>	(2,120)
Taxation payable	7	0	(8)
<b>Net income/(expenditure) after taxation</b>		<b>2,494</b>	(2,128)
<b>Net income/(expenditure) for the year</b>		<b>2,494</b>	(2,128)
Balance at 1 April		2,173	4,301
Balance at 31 March		<b>4,667</b>	2,173

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

*The notes on pages 25 to 34 form part of these accounts.*



## Statement of Financial Position

	Notes	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
<b>Non current assets</b>				
Property, plant and equipment	10	113	39	44
<b>Current assets</b>				
Trade receivables and other current assets	11	193	138	12
Investments-balance held in NLDF		10,421	9,858	9,435
Cash and cash equivalents	13	297	911	1,417
<b>Total current assets</b>		<b>10,911</b>	10,907	10,864
<b>Total assets</b>		<b>11,024</b>	10,946	10,908
<b>Current liabilities</b>				
Provision for Hard Grant Commitments	4	(4,508)	(8,400)	(6,165)
Other current liabilities	12	(228)	(281)	(379)
<b>Total current liabilities</b>		<b>(4,736)</b>	(8,681)	(6,544)
<b>Non current assets plus net current assets</b>		<b>6,288</b>	2,265	4,364
<b>Non current liabilities</b>				
Provision for Hard Grant Commitments	4	(1,621)	(53)	(19)
<b>Assets less liabilities</b>		<b>4,667</b>	2,212	4,345
<b>Reserves</b>				
Income and Expenditure Reserve		4,667	2,173	4,301
Government Grant Reserve		0	39	44
		<b>4,667</b>	2,212	4,345

The notes on pages 25 to 34 form part of these accounts.

Dr H G Jones  
Accounting Officer

17 September 2010

## Statement of Cash Flow for the year ended 31 March 2010

	Notes	2009-2010 £000	2008-2009 £000
<b>Operating activities</b>			
Cash drawn down from NLDF		8,650	8,948
Other income		155	26
Grant payments		(7,158)	(7,236)
Cash paid to and on behalf of employees		(1,648)	(1,750)
Other operating costs		(528)	(462)
<b>Net cash (outflow) from operating activities</b>	14	<b>(529)</b>	(474)
<b>Investing activities</b>			
Interest received		1	40
<b>Financing activities</b>			
Purchase of property, plant and equipment		(85)	(4)
Loan advance		0	(60)
Loan repayments		7	2
<b>Taxation</b>			
Corporation tax paid		(8)	(10)
<b>Net cash (outflow) for the year</b>	13	<b>(614)</b>	(506)

*The notes on pages 25 to 34 form part of these accounts.*

## Statement of Changes in Equity for the year ended 31 March 2010

	Balances held at NLDF £000	Balances held in SCW £000	<b>Total</b> <b>2009-2010</b> <b>£000</b>	Total 2008-2009 £000
Income from the National Lottery	11,133	0	<b>11,133</b>	9,406
Transfer to Government Grant Reserve	0	0	<b>0</b>	(4)
Drawn down in year by the Council	(8,650)	8,650	<b>0</b>	0
Investment returns	79	1	<b>80</b>	497
Other operating income	0	185	<b>185</b>	0
Recoveries of grants	0	11	<b>11</b>	18
Expenditure in year	(19)	(6,916)	<b>(6,935)</b>	(11,591)
Olympic Lottery Distribution Fund	(1,952)	0	<b>(1,952)</b>	(488)
Taxation charge	0	0	<b>0</b>	(8)
Release of government grant	0	0	<b>0</b>	9
Total increase / (decrease) in funds	591	1,931	<b>2,522</b>	(2,161)
(Loss)/surplus on revaluation	(28)	0	<b>(28)</b>	33
Balance at 1 April	9,858	(7,685)	<b>2,173</b>	4,301
Balance at 31 March	10,421	(5,754)	<b>4,667</b>	2,173

# Notes to the Accounts for the year ended 31 March 2010

## 1 Accounting policies

### 1.1 Basis of accounting

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

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

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

### 1.2 Income from the National Lottery Distribution Fund

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

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

The balance held at 31 March 2010 at the NLDF, is unaudited as the audit of the Fund is incomplete. Any adjustment arising from that audit will be reflected in the 2010-2011 accounts and is not expected to be material.

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

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

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

The first transfer of funds took place on 2 February 2009 amounting to £488,118. The Sports Council made a further payment during 2009-2010 totalling £1,952,000.

### 1.3 Property, Plant and Equipment

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

#### 1.4 Depreciation

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

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

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

#### 1.5 Pension costs

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

#### 1.6 Allocation of costs

The apportionment of staffing and indirect costs transferred from the Sports Council for Wales to the Lottery account is calculated on the following basis

- 1.6.1 Staff costs are recharged to Lottery according to the time they spend in carrying out Lottery activities. Where staff are identified as being employed 100 per cent for Lottery purposes their costs are recharged in full. Where staff work, or provide a service to both lottery and exchequer schemes, their costs are recharged in proportion to the amount of time spent on Lottery work.
- 1.6.2 Non staff costs are recharged either on the basis of the floor area occupied by Lottery staff, or where no floor area data is available or considered appropriate, costs are apportioned based upon total Lottery staff time expressed as a percentage of total staff time.
- 1.6.3 Council Members remuneration and travelling expenses are apportioned on a 50/50 basis.

#### 1.7 Policy for Grant Commitments

Hard commitments are analogous to a commitment arising from a legally binding contract, carrying with it an obligation on the distributor to pay the agreed Lottery grant provided only that all the conditions of grant are met, and the National Lottery continues to operate. A hard commitment arises when a firm offer of a grant from the National Lottery proceeds has been made by the Sports Council for Wales and accepted in writing by the recipient. A firm offer will be made if there is a reasonable expectation that conditions attached to the offer will be met.

#### 1.8 Use of Estimates and Judgements

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

#### 1.9 Financial instruments

##### 1.9.1 Trade receivables

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

##### 1.9.2 Cash and cash equivalents

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

### 1.9.3 Trade payables

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

### 1.9.4 Borrowings

#### **Non Interest-bearing borrowings**

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

## **2 First-Time Adoption of IFRS**

2010 was the first year that The Sports Council for Wales presented its financial statements under IFRS in accordance with HM Treasury's Financial Reporting Manual, as modified by the Accounts Direction. As IFRS requires comparative figures for the year ended 31 March 2009 and 1 April 2008, the date of the transition was 1 April 2008. There have been no adjustments to the level of reserves as recorded previously under UK GAAP.

## **3 Revenue Grants paid in the year**

Programme	<b>2009-2010</b> <b>£000</b>	2008-2009 £000
Elite Cymru	<b>374</b>	289
Coach Cymru	<b>1,411</b>	1,132
Dragon Sport	<b>1,195</b>	1,116
Disability Sport	<b>580</b>	1,072
Community Chest	<b>1,128</b>	1,184
Talent Cymru	<b>278</b>	243
	<b><u>4,966</u></b>	<u>5,036</u>

Community Chest includes an amount of £58,434 (2008-2009 £58,430) paid in respect of administration costs of local authorities who administer the grant scheme at local level.

**4 Hard commitments**

	Capital £000	Revenue £000	<b>2009-2010 Total £000</b>	2008-2009 Total £000	2007-2008 Total £000
Hard commitments as at 1 April	5,242	3,211	<b>8,453</b>	6,184	11,174
Hard commitments met in the year	(2,297)	(4,966)	<b>(7,263)</b>	(7,204)	(8,470)
Hard commitments not taken up	(73)	(149)	<b>(222)</b>	(341)	(1,175)
Hard commitments made in the year	411	2,950	<b>3,361</b>	7,099	3,131
Soft commitments transferred to hard commitments	287	1,513	<b>1,800</b>	2,715	1,523
<b>Grant commitments made in year</b>	698	4,463	<b>5,161</b>	9,814	4,654
Movement in year	(1,672)	(652)	<b>(2,324)</b>	2,269	(4,991)
Rounding adjustment					1
Hard commitments as at 31 March					
<b>Analysed as:</b>	3,570	2,559	<b>6,129</b>	8,453	6,184
Hard commitments due within one year	1,949	2,559	<b>4,508</b>	8,400	6,165
Hard commitments due after one year	1,621	0	<b>1,621</b>	53	19
			<b>2009-2010 £000</b>	2008-2009 £000	2007-2008 £000
Amounts due during 2008-2009 Financial Year			<b>0</b>	0	6,165
Amounts due during 2009-2010 Financial Year			<b>0</b>	8,400	19
Amounts due during 2010-2011 Financial Year			<b>4,508</b>	53	0
Amounts due during 2011-2012 Financial Year			<b>1,565</b>	0	0
Amounts due during 2012-2013 Financial Year			<b>56</b>	0	0
Amounts due during 2013-2014 Financial Year			<b>0</b>	0	0
Amounts due during 2014-2015 Financial Year			<b>0</b>	0	0
Amounts due after 5 years			<b>0</b>	0	0
Hard commitments carried forward as at 31 March			<b>6,129</b>	8,453	6,184
			<b>2009-2010 £000</b>	2008-2009 £000	2007-2008 £000
<b>Intra-government balances</b>				Restated	Restated
Balances with other central government bodies			<b>38</b>	21	0
Balance with local authorities			<b>3,480</b>	4,555	4,542
			<b>3,518</b>	4,576	4,542
Balance with bodies external to government			<b>2,611</b>	3,877	1,642
			<b>6,129</b>	8,453	6,184

**Hard commitments**

A hard commitment is analogous to a commitment arising from a legally binding contract. A hard commitment arises when a firm offer of a grant has been accepted in writing by the recipient, having complied with any special conditions incorporated in the contract.

There are no Hard Commitments due in more than five years.

## 5 Soft commitments

	<b>2009-2010</b>	2008-2009
	<b>£000</b>	£000
Soft commitments at 1 April	<b>4,479</b>	3,498
Soft commitments transferred to hard commitments	<b>(1,800)</b>	(2,715)
Soft commitments not taken up	<b>(198)</b>	(406)
Soft commitments made	<b>1,309</b>	4,102
Soft commitments at 31 March	<b>3,790</b>	4,479

A soft commitment occurs when there is agreement by one of the decision – making officers or panels to fund a grant scheme and a formal offer is made to the applicant body.

## 6 Capital commitments

At 31 March 2010, the Lottery account had no contractual commitments for capital and Property, Plant and Equipment (2008-2009 Nil).

## 7 Taxation payable

	<b>2009-2010</b>	2009-2008
	<b>£000</b>	£000
Tax payable on interest received at 21 per cent (2008-2009 21 per cent)	<b>0</b>	8

## 8 Staff numbers and related costs

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

	Average No. of Staff involved	<b>2009-2010</b>	2008-2009
		<b>£000</b>	£000
<b>Gross salary costs</b>			
Chair P Carling (to 31 January 2010)	0.50	<b>22</b>	26
Chair L McAllister (from 1 February 2010)	0.50	<b>3</b>	0
Chief Executive	0.25	<b>19</b>	19
Other Staff	35.50	<b>1,587</b>	1,637
(2008-2009)	41.00	<b>1,631</b>	1,682
Salaries and Wages		<b>1,306</b>	1,338
Social Security costs		<b>87</b>	103
Other Pension costs		<b>238</b>	241
		<b>1,631</b>	1,682

Staff costs are further analysed as follows

	<b>2009-2010</b>	2008-2009
	<b>£000</b>	£000
Administration	<b>1,236</b>	1,300
Sports Science Support to Athletes	<b>395</b>	382
	<b>1,631</b>	1,682

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

The 2009-2010 and 2008-2009 staff cost apportionment is based on actual figures.



**9 Other operating costs and other income**

<b>Costs</b>	<b>2009-2010</b>	2008-2009
	<b>£000</b>	£000
Direct Costs	<b>104</b>	169
Accommodation	40	40
Consultants	<b>10</b>	15
Travel and Subsistence and Hospitality	<b>9</b>	23
Audit Fee	<b>18</b>	18
Recharges for Sports Council for Wales Services	<b>173</b>	162
	<b>354</b>	427
<b>Income</b>		
	<b>2009-2010</b>	2008-2009
	<b>£000</b>	£000
UK Sport Grant	<b>129</b>	0
Release of deferred grant	<b>39</b>	9
Other	<b>17</b>	0
	<b>185</b>	9

**10 Property, plant and equipment**

	Equipment	Assets under construction	Total
	£000	£000	£000
Cost or Valuation at 1 April 2009	53	0	53
Additions	27	58	85
Disposals	0	0	0
At 31 March 2010	80	58	138
Depreciation at 1 April 2009	(14)	0	(14)
Charge for the year	(11)	0	(11)
Disposals	0	0	0
At 31 March 2010	(25)	0	(25)
<b>Net Book Value at 31 March 2010</b>	<b>55</b>	<b>58</b>	<b>113</b>
Net Book Value at 31 March 2009	39	0	39
	Equipment	Assets under construction	Total
	£000	£000	£000
Cost or Valuation at 1 April 2008	49	0	49
Additions	4	0	4
Disposals	0	0	0
At 31 March 2009	53	0	53
Depreciation at 1 April 2008	(5)	0	(5)
Charge for the year	(9)	0	(9)
Disposals	0	0	0
At 31 March 2009	(14)	0	(14)
Net Book Value at 31 March 2009	39	0	39
Net Book Value at 31 March 2008	44	0	44

**11 Trade receivables and other current assets**

	<b>31 March 2010</b> £000	31 March 2009 £000	1 April 2008 £000
<b>Due within 1 Year</b>			
Other receivables and prepayments	<b>148</b>	86	12
<b>Due within more than 1 Year</b>			
Other receivables and prepayments	<b>45</b>	52	0
Total	<b>193</b>	138	12

Included in other receivables and prepayments is £51,666 (2008-2009 £58,333) in respect of an interest free capital loan made over a 10 year period.

	<b>31 March 2010</b> £000	31 March 2009 £000	1 April 2008 £000
Intra-government balances			
Balances with other central government bodies	<b>0</b>	0	0
Balance with local authorities	<b>141</b>	80	12
	<b>141</b>	80	12
Balance with bodies external to government	<b>52</b>	58	0
	<b>193</b>	138	12

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

**12 Trade payables and other current liabilities**

	<b>31 March 2010</b> £000	31 March 2009 £000	1 April 2008 £000
Sports Council for Wales	<b>206</b>	254	353
Taxation Payable	<b>0</b>	8	10
Accruals	<b>22</b>	19	16
	<b>228</b>	281	379
	<b>31 March 2010</b> £000	31 March 2009 £000 Restated	1 April 2008 £000 Restated
Intra-government balances			
Balances with other central government bodies	<b>206</b>	262	362
Balance with local authorities	<b>0</b>	0	0
	<b>206</b>	262	362
Balance with bodies external to government	<b>22</b>	19	17
	<b>228</b>	281	379

**13 Analysis of changes in cash and cash equivalents**

	1 April 2009 £000	Cash Flow £000	<b>31 March 2010</b> £000
Cash and cash equivalents	911	(614)	297
	1 April 2008	Cash Flow	31 March 2009
Cash and cash equivalents	1,417	(506)	911

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

	<b>2009-2010</b>	2008-2009
	<b>£000</b>	£000
		Restated
Net income/(expenditure) before interest and taxation	<b>2,493</b>	(2,160)
NLDF funding	<b>0</b>	4
(Increase) in other receivables	<b>(61)</b>	(68)
(Decrease)/increase in other payables	<b>(2,370)</b>	2,173
(Increase) in NLDF	<b>(563)</b>	(423)
Release of deferred government grant	<b>(39)</b>	(9)
Depreciation of property, plant and equipment	<b>11</b>	9
Net cash (outflow) from operating activities	<b>(529)</b>	(474)

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

	<b>2009-2010</b>	2008-2009
	<b>£000</b>	£000
(Decrease) in cash and cash equivalents	<b>(614)</b>	(506)
Movement in liquid resources – NLDF balance	<b>563</b>	423
Decrease in net funds	<b>(51)</b>	(83)
Net funds brought forward	<b>10,769</b>	10,852
Net funds carried forward	<b>10,718</b>	10,769

**16 Contingent liabilities**

There were no contingent liabilities at 31 March 2010 and 31 March 2009

**17 Financial instruments**

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

*Liquidity risks*

In 2009-2010, £11,133,000 or 98.0 per cent of Lottery income derived from the National Lottery (2008-2009: £9,402,000 or 94.7 per cent). Of the remaining income, £79,000 or 0.7 per cent, derived from investment returns from the balance held with the National Lottery Distribution Fund, (2008-2009: £457,000 or 4.6 per cent), and £196,000 or 1.7 per cent from bank interest and sundry income (2008-2009: £67,000 or 0.7 per cent). The Sports Council for Wales does not consider that its Lottery fund is exposed to any significant liquidity risk, and are satisfied that the balance within the NLDF and projected future Lottery proceeds are sufficient to meet its hard commitments.

*Interest rate risks*

The financial assets of the Lottery are invested in the National Lottery Distribution Fund, which invests in a narrow band of low risk assets such as government bonds and cash. The Sports Council for Wales has no control over the investment of Funds in the National Lottery Distribution Fund. Cash balances which are drawn down from the Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account which on average carried an interest rate of 0.50 per cent (2008-2009: 2.08 per cent) in the year. The cash balance at the year-end was £297,000. The Sports Council for Wales considers that its Lottery function is not exposed to significant interest rate risks. Included in receivables (note 11) is £51,666 (2008-2009: £58,333) which relates to an interest free loan. If interest had been charged at a treasury rate of 3.5 per cent then £2,042 (2008-2009: 3.5 per cent £2,100) would have been charged as interest in these accounts.

*Foreign currency risk*

The Lottery function of the Council is not exposed to any foreign exchange risks.

**18 Related party transactions**

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

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

<b>Member's Panel</b>	<b>Body</b>	<b>Payments in Year £000</b>	<b>Nature of link</b>	<b>Net Grant Commitments</b>
A Hamilton	Welsh Netball Association	83	Member	0
Head of People & Programme Development	Welsh Hockey Union	96	Son is a member	106
	Welsh Hockey Forum	2	Son is a member	1
A Williams Manager Plas Menai Watersports Centre	Welsh Yachting Association	109	Member	101
	Welsh Canoeing Association	68	Member	0
M Frost Head of Regions	Cricket Board of Wales	80	Member	40
S Powell Head of Performance and Excellence	Welsh Hockey Union	96	Member	106
	Cardiff Hockey Forum	2	Member	1
Dr H Jones Chief Executive	Sports AID Cymru Wales	17	Member of Sports Aid Cymru Golf Society	0
R Harris Member	Ceredigion County Council	51	Elected Member	0
Mr Phil Carling (Chair Retired 28 February 2010)	Machynys Peninsula Golf & Country Club	254	Subscribing Member	7
Dr W M Leyshon Council Member	Athletics Association of Wales	204	Member of clubs affiliated to Athletics Association of Wales	0

**Remuneration of Senior Managers and Council Members**

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

## **19 Pensions**

Pension costs for the Sports Council for Wales for 2009-2010 amounted to £1,100,000 (2008-2009: £1,533,000) representing 21 per cent (2008-2009: 20.1 per cent) of pensionable pay and advanced contributions in respect of early retirement costs. Payments of £61,000 were made in respect of early retirement costs following the redundancy of staff. From 2010-2011, the rate will be 21.9 per cent. Contributions to the Fund have been determined by an independent qualified actuary. The latest triennial valuation of the Fund was carried out as at 31 March 2010. This report has not yet been issued.

The Council expects to contribute £1,140,000 to the fund in 2010-2011. In addition to this 'strain on fund' contributions may be required.

Full disclosure is set out in the Sports Council for Wales consolidated financial statements which are publicly available.

## **20 Segmental reporting**

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

## **21 Events after the reporting period**

There are no events after the reporting period to impact on these financial statements. The financial statements were authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General certified them.

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DG Ref: 009467

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