

sportwales
chwaraeon cymru

SPORT WALES

CHWARAEON CYMRU

ANNUAL REPORT AND ACCOUNTS

2013 - 2014



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

THE SPORTS COUNCIL FOR WALES AND SPORTS COUNCIL FOR WALES TRUST
1 APRIL 2013 – 31 MARCH 2014

ANNUAL REPORT AND ACCOUNTS

The Annual Report incorporates the Strategic Report including Sustainability Report, and the Directors Report including Remuneration Report. The Sports Council for Wales has adopted International Financial Reporting Standards (IFRS).

Sport Wales is a Trustee of the Sports Council for Wales Trust.

HISTORY AND STATUTORY BACKGROUND

The Sports Council for Wales (known by its trade name Sport Wales) was established by Royal Charter dated 4 February 1972, with the objectives of "fostering the knowledge and practice of sport and physical recreation among the public at large in Wales and the provision of facilities thereto". It is financed by annual funding from the Welsh Government and from income generated from its activities. These Statements of Account are prepared pursuant to Article 15 of the Royal Charter for the Sports Council for Wales (Sport Wales) in a form determined by the Welsh Government with the approval of HM Treasury. A copy of the Accounts Direction is available for public inspection at Sport Wales offices at Sophia Gardens in Cardiff.

The Sports Council for Wales Trust was constituted on 16 May 1972 and is registered as a charity with the Charity Commissioners in England and Wales, with the charitable objectives of:

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

BOARD

During 2013/14, Sport Wales comprised the following board members;

Prof L McAllister **	(Chair Reappointed 01.02.2013)
Mrs Adele Baumgardt	(Vice Chair Appointed 01.09.2012)
Mr David Roberts	(Retired 31.03.2014)
Mr Martin J Warren */**	(Reappointed 01.04.2011)
Prof. John Baylis *	(Appointed 01.04.2011)
Mr Richard Cuthbertson *	(Appointed 01.04.2011)
Mr Andrew Morgan	(Appointed 01.04.2011)
Mr Simon Pirotte	(Appointed 01.04.2011)
Mr Paul Thorburn	(Appointed 01.04.2011)
Mr Alan Watkin *	(Appointed 01.05.2011)
Ms Julia Longville	(Appointed 01.09.2012)
Ms Janet Kingston	(Retired 25.10.2013)
Ms Johanna Lloyd	(Appointed 01.09.2012)
Mr Peter King	(Appointed 01.09.2012)

Dr H Jones	(Chief Executive to 30/09/2013)
Ms S Powell	(Chief Executive from 01/10/2013)

* Member of the Audit committee

** Member of the Remuneration committee

REGISTERED OFFICE

Sophia Gardens
Cardiff
Wales
CF11 9SW

DECLARATIONS OF INTEREST

All Members and Senior Staff of Sport Wales have completed a return detailing any interests in Organisations which provide, or may seek to provide, commercial services to Sport Wales for 2013/14. Information provided that requires disclosure in accordance with International Accounting Standard 24 is disclosed in Note 19 of these accounts.

LEADERSHIP CHANGE

2013/14 has been a year of transition both within Sport Wales and in the wider sports sector in Wales. Internally the organisation has appointed a new CEO and there are further on-going changes at executive level. The new leadership team has brought a fresh perspective and a new approach which will enable the organisation to move onto the next level. During the year, the CEO has set out the four pillars of her long-term strategy for the organisation, which is set out under "Plans for Future Periods"

STRATEGIC REPORT

Our purpose as Wales' sports development and advocacy agency is twofold: to inspire more people to become, and remain active for life; and to boost the performance of our elite athletes, teams and coaches.

Sport Wales works in partnership with others to achieve these aims and has a role in bringing partners and people together; local authorities, governing bodies of sport, communities, coaches, adults, young people, children and the entire nation to support, participate and excel in sport. Sport Wales works towards achieving equality in all of our functions, whilst embracing the spirit of equality legislation and eradicating any form of unfair discrimination.

KEY PERFORMANCE INDICATORS

Performance against our key metrics is set out in the table below:

KEY OUTPUTS FOR 2013-14 BUSINESS PLAN

	Dragon Registrations	5x60 attendance	5x60 frequency	All Swims per 1000 population	Learn to swim rates at age 11	Number of active Coaches and officials	Adult membership Senior Men	Adult membership Senior Women	Junior Club membership boys	Junior club membership girls	Number of clubs
2012-13 Actual*	223,755	1,258,615	20,326	1460	75%	43,043	254,479	46,180	140,928	44,156	5,520
2013-14 Target*	250,066	1,202,128	25,654	1690	78%	50,281	295,028	52,665	158,098	51,909	5,840
2013-14 Actual*	229,687	1,351,530	22,234	1456	74%	48,169	258,092	48,548	152,612	57,240	5,431
2014-15 Target	241,201	1,312,960	27,624	1609	78%	57,701	271,576	56,966	162,399	68,017	5,366

*Schools data (Dragon/5x60) are based on 2012/13 academic year

Current trends in sport in Wales are largely positive – club membership is rising, school sport programmes are more popular and well attended than ever before. What these positive trends tell us is that our delivery programmes and overall strategic approach is delivering real results which positively impact on the lives of Welsh citizens. We are aware that we have not met a number of the targets in the above table; however we are not disheartened by this. It is more a reflection of our "unreasonable ambition" in action.

OVERVIEW

We live in an increasingly sedentary world, with shocking child obesity rates. But we can turn that around if we teach our children the habit of exercising more from an early age. To ensure all our children are prepared physically for the future, we need there to be high-quality sport and PE provision in every school.

We want PE to be on a par with English, Welsh, Maths and Science as a subject in Welsh schools. This is the core recommendation of a report, led by Baroness Tanni-Grey Thompson, which would lead to PE being formally and regularly assessed, leading to higher quality provision and an improvement in standards. A 'Physical Literacy Programme' for Schools (PLPS) will be established which will strive to realise a Physical Literacy Framework adopted by the Education sector as part of the new curriculum. Linked to this will be the insight and intelligence where we will investigate the links between PISA results and being hooked on sport.

Just as our elite athletes will be striving for their personal best, we too must be ambitious and unflinching in how we address some of the nation's biggest health issues. We want to play our part on the Welsh Public Services team – so 2014 will be all about sport moving off the subs bench and on to the field of play.

OUR CORPORATE GOALS

Sport Wales annually reviews progress against our objectives and sets goals for the forthcoming year. Our vision for the future of Sport Wales and the steps we will take towards delivering and safeguarding this future is set out in our business plan, which can be found on our website¹

Our Key Corporate Goals during 2013/14, and the progress we have made against them, are listed below:

OBJECTIVE	OUTCOME
SPORTING EXCELLENCE High potential sports have a positive rating when assessed for all areas of sporting excellence	All priority sports achieved this objective and we expect this to manifest itself in one of Wales' best commonwealth games performance ever
SPORTING INNOVATION Every identified partner will have undergone the <i>Partner Investment Principles (PIP)</i> process and agreed smart actions. Establish an engagement plan to embed behaviours within departments and teams across the organisation	A new online tool developed, tested and implemented. The outcome was achieved by the vast majority of key partners – having almost all Local Authorities, and half of priority National Governing Bodies. On-going into 2014/15.
SKILLS FOR A LIFE IN SPORT Through Welsh Government's Schools & Physical Activity Task Force, establish a commitment to securing parity of esteem between literacy, numeracy and physical literacy;	A review led by Baroness Tanni Grey-Thompson, making this one clear recommendation, was published in June 2013 and received a high level of press support. By the end of the year, Sport Wales has secured funding from WG to support the development of a physical literacy

¹ http://www.sportwales.org.uk/media/1481695/sport_wales_business_plan_2014-15.pdf
http://www.sportwales.org.uk/media/1481698/sport_wales_business_plan_2014-15_cymraeg.pdf

	framework, but this fell short of our ambition
SPORTING COMMUNITIES Each area to formulate a plan of engagement with the 10 priority sports (align discretionary funds -80/20 applied to take into account local variations);	Partners have developed plans in accordance with this goal, but it has proved more difficult than expected and less progress has been made. We believe in this goal and will continue to work towards it over the longer term
GROWING A SKILLED & PASSIONATE WORKFORCE Continue to prioritise the recruitment, retention and development of coaches and volunteers, with a particular focus on coaches.	The data shows a year on year increase of 12% in governing body coaches and officials. This is further evidenced by the huge rise in volunteers measured in the active adult's survey, which showed that the number of people volunteering in sport had doubled over 4 years.

REVIEW OF THE YEAR

Sport in the community setting is one area where we have seen positive fruits of our labour over the last 12 months. Data from our School Sports Survey (SSS) and Active Adults survey (AA) all demonstrate clear, unambiguous progress. More people in Wales are doing more sport, more often. The SSS showed a rise from 27% to 40% in the number of children who take part in sport three times a week or more. For adults the trend in regular participation is similar – a rise from 29% to 39% of the population. When this progress is viewed alongside the extraordinary success of our Young Ambassadors, up from 1,800 a year ago to over 2,400 and the doubling of volunteers, the picture of the increase in sport's appeal and reach amongst children and young people is a positive one

Just as encouraging is the fall in the proportion of the Welsh population who are considered to be sedentary to the point they are compromising their health. Whilst the rises shown above are intended to encompass all sections of Welsh society, we are still seeing stubborn inequalities amongst some groups that cannot be allowed to continue over the longer term.. Sports participation is lower for women than men and for girls than boys, lower for those from BME communities, lower for those from deprived communities. This is neither morally or socially acceptable.

Sport Wales has successfully secured Welsh Government funding for future years of PE in School Sport. This strategic decision to provide investment into the development of the Physical Literacy Programme for Schools is a very important one. Our School Sport Survey clearly identified that to achieve a more active population we have to start by ensuring every child is confident in their physical abilities from an early age. Through creating enjoyable, skills based learning we can create a step change in sports participation in Wales.

The new Physical Literacy Programme for Schools (PLPS), which will aim to achieve this through a more targeted approach, linked to the new Schools Challenge Cymru programme which is looking to raise standards in 40 schools from the more deprived areas. The success of this programme will help shape the status of physical literacy in schools in the future.

Alongside all of this other work we have also begun to realign our efforts to working more closely with health and education. We have clear evidence of the significant contribution which sport makes to health. The correlation is indisputable. We see a valuable and increasing role for sport as a sustainable means of ensuring people learn how to become and stay healthy. Similarly the positive link between sport and educational attainment reinforces the important role we have to play both inside and outside of the traditional

school curriculum. Sport Wales has begun to influence others on the positive role we can play. We have strong evidence to back our case, but have much more work to do to convince others and gain support for action.

FINANCIAL RESULTS FOR THE YEAR

The total comprehensive expenditure for Sport Wales after taxation for the year ending 31 March 2014 totalled £26,909,000 (2012/13 restated £27,521,000). The net movement on the general fund for the year, after the funding received from the Welsh Government, was an over spend of £57,000 (2012/13 under spend of £374,000). The £57,000 decrease was arrived at after charging £519,000 depreciation (2012/13 £566,000) and was largely in line with expectation.

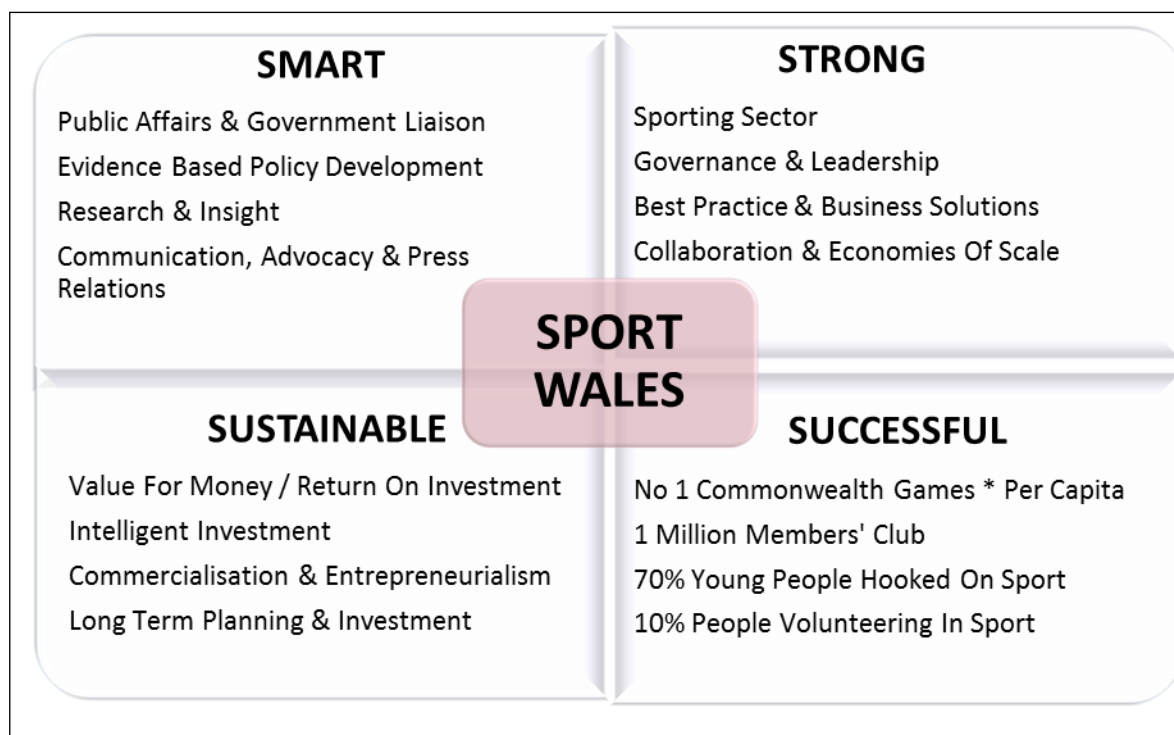
The results of the Trust are consolidated into these financial statements.

Plans for Future Periods

We have set out our work for the coming year in our business plan, which can be found on our website². For the first time, we have set out how an in year goal contributes to a wider or multi-year deliverable outcome.

The establishment of a new, five-year strategic plan for 2015-20, will be central to setting the overall future direction for Sport Wales and to providing sharper clarity and focus for delivery and outcomes. The strategy will be built on four key pillars to ensure that we continue to operate in a strong, smart, sustainable and successful manner in the challenging environment we now face. The strategic aim is to drive delivery to an even higher level and to generate step-change success that will be recognised both in Wales and internationally. At a time of public sector financial constraint, Sport Wales has a responsibility to maximise opportunities for growth, and to act swiftly and decisively to lay the foundations for a successful sporting sector.

FOUR KEY PILLARS TO SUCCESS



² http://www.sportwales.org.uk/media/1481695/sport_wales_business_plan_2014-15.pdf
http://www.sportwales.org.uk/media/1481698/sport_wales_business_plan_2014-15_cymraeg.pdf

Smart – Sport Wales will focus on policy development and advocacy. Showcasing the role and impact sport and physical activity have in developing an active, healthier and more prosperous nation

Strong - We need to bolster the sector by providing expert advice, sharing best practice and offering on-going support to develop the sound and sustainable systems and structures which make sport happen.

Sustainable – Sport Wales will explore further commercialisation of parts of the sports sector, diversifying income streams against a backdrop of public funding constraints, to better align investment.

Successful – Sport Wales will work closely with partners to develop evidenced based long term plans, with clear milestones and outcomes. In collaboration with the sector, Sport Wales will set long term outcomes to increase accountability and ownership.

These shifts and ingredients, brought together, will enable sport to help deliver the current Welsh Government’s programme of government to 2016 and beyond, and further enhance Sport Wales’ reputation and status as one of Wales’ leading public organisation.

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Over the period of our Corporate Plan 2013-2016, the following key outcomes will be measured:

- The percentage of young people in school years 3-11 who participate three or more times a week in an extracurricular and/or club setting;
- The percentage of young people in school years 3-11 who participate in sport in a club;
- The percentage of young adults 16-24 participating on three occasions a week on average in the previous four weeks;
- The percentage of adults aged 15+ that volunteered in the last 12 months;

Population outcome measures can be reported on every two years.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

Social and Community Issues

Our work is guided by several key documents: the Programme for Government; Creating an Active Wales, the five year strategic action plan to deliver Climbing Higher; and the Vision for Sport in Wales. The Programme for Government is reflected in the Minister's Remit letter to Sport Wales.

Our vision for community sport is "every child hooked on sport for life". This really does mean every child. Amongst very positive results in the growth of sporting participation amongst both adults and children, we continue to see unacceptable inequalities. Our Active Adult Survey and School Sports Survey results have shown us that; Boys and men take part in more sport than women and girls, and those from less affluent backgrounds, BME communities or with a disability are measurably less likely to participate.

Sustainability

Sport Wales actively pursues policies and initiatives that seek to reduce the impact its operations have on the environment. During the year, the board and senior management team considered the additional actions which Sport Wales could take to further mitigate the impact of its work on the environment. This led to the Corporate Environmental Strategy, which was approved by the board. Over and above the significant steps already undertaken, Sport Wales set itself the goal to exceed Welsh Government targets, the primary one being a 3% annual reduction in carbon emissions using 2012/13 as a baseline, to be measured on a rolling three year basis.

For 2013/14, there has been a significant drop in overall carbon emissions of around 12%. The large drop in energy usage (electricity, gas & gas oil) is driven by the effect of a milder winter, combined with further implementation of motion activated lighting and replacing life expired fluorescent lighting with more efficient LEDs.

Sport Wales has also begun a drive to implement technological solutions to help reduce emissions and waste where possible. This includes video conferencing facilities and improved personal ICT solutions such as dual screens to reduce printing. This is beginning to impact on staff behaviour and we expect to see the benefits in future years. The marked increase in air travel is associated with the run up to Glasgow 2014 together with closer collaboration between Cardiff and Plas Menai national centres.

Plas Menai has implemented an environmental system during the year and over the coming year we will be using the data it provides to make targeted changes to reduce energy usage. Also, the National Centre in Cardiff is undertaking a feasibility study into onsite renewable generation at Sophia Gardens.

ENVIRONMENTAL SUSTAINABILITY

The following tables includes all Sport Wales offices data and associated cost

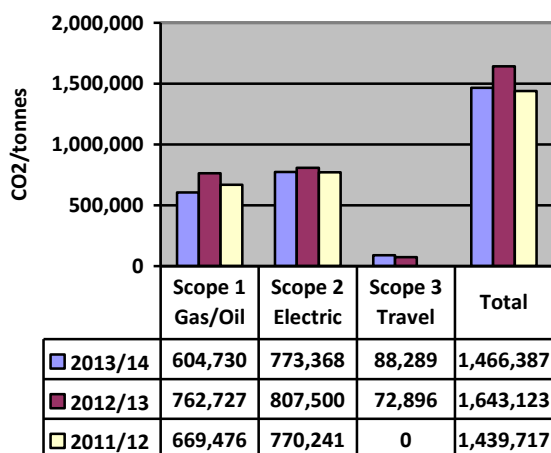
Waste		2013/14	2012/13	2011/12
Non-financial	Total KG	55,772	55,186	N/A

Greenhouse		2013/14	2012/13	2011/12
Co2	Total gross emissions (Co2)	1,378,098	1,570,227	1,439,717
	Total net emissions (Co2)	1,378,098	1,570,227	1,439,717
	Gross emission, scope 1	604,730	762,727	669,476
	Gross emissions, scope 2	773,368	807,500	770,241
Energy kWh	Electricity (non-renewable)	1,736,033	1,812,652	1,729,015
	Electricity (renewable)	0	0	0
	Gas	1,242,870	1,256,517	1,271,053
	Gas Oil	1,383,543	1,707,263	1,381,594
Financial Indicators (£)	Expenditure – energy	293,911	357,171	303,393

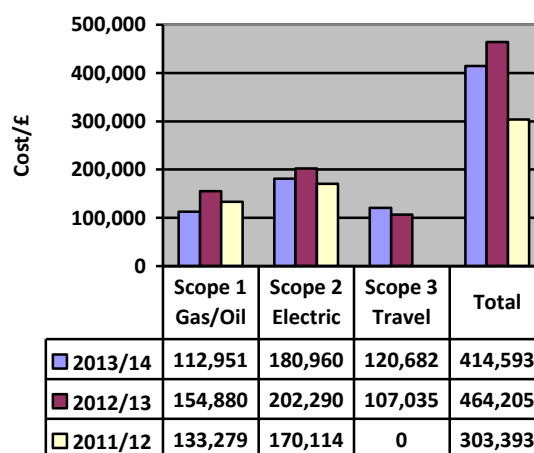
Finite Resource	Water	2013/14	2012/13	2011/12
Non-financial (M³)	Supplied	13,087	12,720	13,369
	Abstracted	2,251	2,613	2,786
Financial indicators (£)	Water supply costs	32,370	34,737	36,024

Travel		2013/14	2012/13	2011/12
Co2	Rail	7,432	12,494	N/A
	Air	25,480	3,758	N/A
	Ferry	43	0	N/A
	Car (Taxi/Bus etc)	136	1,431	N/A
	Own Car Usage	55,198	55,213	N/A
	Total	88,289	72,896	N/A
Cost	Rail	25,795	20,286	N/A
	Air	9,607	3,282	N/A
	Ferry	331	0	N/A
	Car (Taxi/Bus etc)	1,741	2,051	N/A
	Own Car Usage	83,209	81,416	N/A
	Total	120,683	107,035	N/A
Miles	Rail	94,927	134,214	N/A
	Air	51,150	12,916	N/A
	Ferry	200	0	N/A
	Car (Taxi/Bus etc)	623	883	N/A
	Own Car Usage	184,909	180,925	N/A
	Total	331,809	328,938	N/A

CO2 Emissions



Financial Indicators



Conservation and Biodiversity

Sport Wales National Centre, Cardiff is located in a Grade 2 listed garden and all the trees have Tree Protection Orders which are managed in accordance with these orders.

The National Centre at Plas Menai runs marine environmental educational courses on the Menai Strait, has planted a managed woodland and bird boxes have been placed around the site.

Sustainable Procurement and the Future

Sport Wales's procurement policy requires that all Procurement awards in excess of £10,000 should be awarded on the basis that they offer "the optimum combination of whole life costs and benefits to meet Sport Wales's requirements". Whole life costing considers not just the purchase price, but also takes into account the continued cost of ownership, maintenance and disposal of services.

We will continue to work to embed sustainable policies in our operations. In particular, we are conscious of the wider environmental impact which our work has and will investigate ways in which we can positively impact upon this.

ACCOUNTING OFFICER: S Powell
09 July 2014

DIRECTORS REPORT

HUMAN RESOURCES

Sport 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. Sport Wales is committed to a policy of equality of opportunity in its employment practices. In particular, Sport Wales aims to ensure that no potential or actual employee receives more or less favourable treatment on the grounds of age, disability, ethnic or national origin, gender, marital or parental status, nationality, political belief, race, religion, or sexual orientation. We also follow the 'Equality Standard for Sport' and 'Positive about Disabled' schemes.

INVESTING IN OUR PEOPLE

Sport Wales has "Investors in People" status and its human resources policies reflect best practice as part of its commitments as a learning organisation

SICKNESS ABSENCE DATA

The sickness data for employees of the whole organisation for 2013/14 (2012/2013) is as follows:

Total Days Lost	Total Number of Employees (FTE)	Total Sick Days Lost Per Person
870.00 (830.00)*	148.89 (144.15)	5.84 (5.76)

*Figure restated due to a new system implementation which has resulted in a change in the methodology of the calculation.

PENSION SCHEME

Employees of Sport Wales 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 Sport 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 pension. The contributions of employees are set at 5.5% to 10.5% based on salary range. Further details can be found in note 1.6 and note 17 to the financial statements.

PERSONAL DATA RELATED INCIDENTS

Sport Wales has controls and policies in place to ensure data integrity. Its systems ensure that the physical security of data is tightly controlled. As far as we are aware, no loss of data occurred during the period under review.

RISK IDENTIFICATION AND MANAGEMENT

Detail on Risk Management is contained in the Risk Management section of the Annual Governance Statement on page 18.

SUPPLIER PAYMENT POLICY AND PERFORMANCE ACHIEVED

Under the Late Payment of Commercial Debts (Interest Act 1998) and in line with the Better Payment Practice Code (which can be located on www.payontime.co.uk) Sport Wales is required to pay suppliers' invoices not in dispute within 30 days of receipt of goods or services or valid invoice, whichever is the later.

Sport Wales aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, in line with these terms. During the year ended 31 March 2014 Sport Wales paid 100% (2012/13 99%) of all invoices within the terms of its payment policy. No interest was incurred during the year as a result of late payments.

FINANCIAL INSTRUMENTS

Details of financial instruments can be found in note 1.11 to the financial statements.

REMUNERATION OF AUDITORS

The Audit Committee oversees the nature and amount of non-audit work undertaken by Wales Audit Office our external auditors. During 2013/14 there was no non audit work undertaken by auditors. The audit fee is disclosed in note 7 to the financial statements.

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.

ACCOUNTING OFFICER: S Powell
09 July 2014

REMUNERATION REPORT

In accordance with Chapter 5 of the Financial Reporting Manual, Sport Wales 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 Sport Wales Members and Senior Staff.

Remuneration Policy

The Chair, Vice Chair and members of Sport Wales are paid in accordance with the Welsh Government "Remuneration and expenses of Chairs and Members of ASGBs and NHS Bodies" policy.

The Remuneration Committee which consists of Sport Wales Chair, Vice Chair and Chair of the Audit Committee supported by Sport Wales's Human Resources Manager meets to agree the annual pay award for all staff via the Welsh Government's pay remit process. Also, the CEO post now has a salary range associated with it, which is determined by Welsh Government.

Service Contracts

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

Sport Wales Members are appointed by Welsh Ministers for a three year contracted period and may be reappointed normally for a further three year period. The Chair is remunerated at a daily rate of £337 and is contracted to work two days per week. The Vice Chair is remunerated at a daily rate of £311 and is contracted to work one day per week.

Notice Period

The Chief Executive is entitled to four month's notice of termination of contract by Sport Wales and the remaining Senior Staff are entitled to three month's notice of termination of contract.

Chief Executive Officer Salary

Remuneration

"Salary" includes gross salary, allowances and performance bonuses where applicable.

During the year the Chief Executive Officer, Dr H Jones received a gross salary of £38,208, (2012/13 £76,416). In January 2013 the Board agreed to Dr H Jones request to take early retirement, as a consequence Sport Wales made a provision of £77,000 in its 2012/13 accounts, which represented the contribution required toward the strain on the pension fund as a result of this early retirement. During 2013/14 a payment totaling £76,640 was made against the provision. No bonus payments were made to the Chief Executive or any other member of staff during the year (2012/13 £Nil).

Sarah Powell was appointed as Interim Chief Executive Officer from 5th July 2013 to 30th September 2013 and took up the appointment of Chief Executive Officer on 1st October 2013.

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

REMUNERATION REPORT CONTINUED

Benefits in Kind

There are no benefits in kind

Further details of the remuneration and pension benefits of the Chair, Vice Chair, Chief Executive and other senior directors are provided in note 6(d) to the financial statements. This information is audited.

ACCOUNTING OFFICER: S Powell
09 July 2014

STATEMENT OF COUNCIL'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Royal Charter, dated 4 February 1972, The Sports Council for Wales (Sport Wales) is required to prepare for each financial year statements of accounts in the form and on the basis determined by the Welsh Government, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of Sport Wales's state of affairs at the year end, including its net expenditure, changes in equity and cash flows for the financial year.

In preparing the accounts, Sport Wales is required to comply with the requirements of the Government Financial Reporting Manual and in particular:

- observe the accounts direction issued by Welsh Ministers, including the relevant accounting and disclosure 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 departure in the financial statements; and
- 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 Ministers has appointed the Chief Executive as the Accounting Officer for Sport Wales. 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 and for the keeping of proper records, and for safeguarding Sport Wales's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury.

ACCOUNTING OFFICER: S Powell
09 July 2014

ANNUAL GOVERNANCE STATEMENT 2013/2014

Introduction

On 21 June 2013, I took on the Accounting Officer responsibility for Sport Wales from Dr H Jones. I was appointed as Interim Chief Executive Officer from 5th July 2013 to 30th September 2013 and took up the appointment of Chief Executive Officer on 1st October 2013.

The Governance Statement brings together in one place all disclosures about matters relating to an organisation's governance, risk and control. As Accounting Officer I am personally responsible for the Governance Statement which outlines how I have discharged my responsibility to manage and control the resources of Sport Wales during the course of the year.

As Accounting Officer I have reviewed the 2012 Corporate Governance Code and believe that Sport Wales has fully complied with the relevant elements of the code in respect of both its Exchequer and Lottery functions.

CORPORATE GOVERNANCE

The Board

Corporate Governance is the system by which organisations are directed and controlled. The Board of Sport Wales is responsible for the governance of Sport Wales and the Sports Council for Wales Trust. The Board's role is to satisfy itself that an appropriate governance structure is in place and to scrutinise the performance of the executive and the organisation's delivery of the Sport Wales Vision.

The Sport Wales Board is made up of a Chair, a Vice Chair and up to twelve other members all of whom are appointed by the Welsh Government. The Board's composition includes representation from a wide cross section of different sports and members with expertise and experience relevant to both community and elite sport.

Attendances for both the Board and the Audit Committee are shown in the table below.

Board Member	Board Meeting (Number of meetings attended)	Audit Committee (Number of meetings attended)
Prof. L McAllister (Chair)	6	Not Applicable
Adele Baumgardt (Vice Chair)	5	Not Applicable
David Roberts	5	Not Applicable
Martin J Warren	5	4
John Baylis	6	4
Richard Cuthbertson	6	4
Andrew Morgan	5	Not Applicable
Simon Pirotte	6	Not Applicable
Paul Thorburn	6	Not Applicable
Alan Watkin	4	4
Julia Longville	5	Not Applicable
Janet Kingston*	1	Not Applicable
Johanna Lloyd	5	2
Peter King	6	1
(External members – Audit Committee only)		
Sandy Blair	Not Applicable	4
Keith Evans*	Not Applicable	1
Overall Percentage Attendance rate	88%	79%

*retired during the year

To discharge its responsibilities and to obtain the assurance required that demonstrate good governance practices are in place, the Board has agreed the following governance structure:

- Two permanent committees; The Audit Committee and the Remuneration Committee
- Task and Finish groups and an advisory group approved by the Board (listed below).
- The Executive Management Team and staff structure

Audit Committee

The Board has established an Audit Committee to support it in discharging its responsibilities specifically in the areas of risk, internal control and governance through:

- Reviewing the comprehensiveness and operation of current processes, controls and other measures to meet the assurance needs of the Board and the Accounting Officer;
- Reviewing the reliability and integrity of the assurances provided by the executive and the internal and external auditors;
- Providing an opinion as to how well the Council and Accounting Officer are supported in decision making and in discharging their accountability obligations (particularly in respect of Financial Reporting).

The Audit Committee consisted of six Board members and up to two independent external members. The committee met four times during the year and there was an overall members' attendance rate of 79%.

Over the year the committee's areas of focus included (but were not limited to):

- the operation and effectiveness of the risk management review framework;
- internal audit reports covering specific business areas and the annual internal audit report;
- the Annual Report and Accounts and their format;
- observations made by external audit, particularly the annual management letter and the Additional Assurance Report;
- compliance with the Management Statement and Financial Memorandum issued by the Welsh Government as well as compliance with the Lottery Statement of Financial Requirement;
- the Governance Framework document;
- the risks and controls around grant awards;
- operational risk management of the two National Centres;
- the specific risks associated with supporting elite sport and high performance athletes
- the Gifts and Hospitality Register.

The Board received the minutes of the Audit Committee at each meeting and are advised by the Audit Chair of any significant matters. The Audit Chair also presents a formal annual report on the committee's work to the Board.

IT systems ensure that the physical security of data is tightly controlled. In 2013/14 no information risk issues or significant control weaknesses were identified and the Audit Committee was satisfied that the level of risk was acceptable and managed in an appropriate manner.

Remuneration Committee

During the year, the Remuneration Committee reviewed and approved the annual pay award and the CEO recruitment process. Both matters required and received Welsh Government approval.

Task and finish groups

Task and finish groups are set up by the Board as and when required. The groups are made up of Board members appointed by the Chair sometimes with independent members. They are supported by officers of Sport Wales. Their purpose is to provide additional help and advice to the Board within specific themes and they meet on an ad-hoc basis.

During 2013/14 the following task and finish groups were operational:

- Governance (focusing upon NGBs);
- Plas Menai review;
- Equalities;
- Focus 2014(for the 2014 Commonwealth Games);
- Performance Management;
- Transition (established to oversee the recruitment of a new Chief Executive).

A member of the Board who is also a member of each task and finish group is identified to report back verbally at each Board meeting.

The Executive Senior Management Team

The Executive, under the leadership of the Chief Executive, is responsible to the Board for the development and implementation of strategy and policies and the reporting thereof. The Executive meets at regular intervals and typically fortnightly to discuss and agree corporate matters. Progress against the Business Plan is reported and monitored on a quarterly basis.

There have been considerable changes in the membership of the executive during the year particularly with respect to the retirement and new appointment of the Chief Executive. A number of the Corporate Director posts have also become vacant or changed incumbent. Following the appointment of the Chief Executive, her previous role remained vacant for the remainder of the year with responsibilities allocated amongst the senior management team.

Board and Committee Effectiveness

An effectiveness review took place in the previous year and the recommendations acted upon. During the year, the Vice Chair conducted one to one performance reviews with each of the Board members and at the February meeting of the Board an effectiveness workshop was held. This considered the following:

- Striking the right balance between support and challenge;
- The role of the Chair in encouraging constructive debate;
- Individual contributions to the decision making process;
- The quality and quantity of information provided;
- The effectiveness of task and finish groups

In addition to this, the Board provided constructive feedback to the Executive with the goal of improving the clarity and consistency of Board & Committee papers

RISK MANAGEMENT

The purpose of the system of internal control

The system of internal control is designed to manage and limit risk but can never eliminate it. It therefore only provides reasonable and not absolute assurance. The system of internal control is based upon an on-going process designed to identify and prioritise the risks of achieving Sport Wales' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should this happen, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Sport Wales throughout the year ended 31 March 2014 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 Sport Wales 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. This is overseen by the Board, through the Audit committee. As an organisation, the key risks are monitored through appropriate use of the Risk Register. There is a documented Risk Management Policy that contains definitions relating to risk management and the policy also sets out how risks should be identified, recorded, analysed and managed.

Corporate risks, and the control measures implemented to mitigate them, are assigned to and managed by the appropriate manager, Corporate Director or in some cases by the Accounting Officer. Operating risks, especially those of the two national centres, are the responsibility of the relevant managers while day to day risk management may be delegated to their subordinates.

New risks are identified by officers of Sport Wales, Audit Committee scrutiny or the Board itself. When a new risk has been identified, it is inserted into the Risk Register, assessed and scored and assigned to a corporate director and/or manager.

The risk and control framework

Risk management is embedded within the management structure of Sport Wales. The majority of business, financial and service delivery risks is derived from the organisational objectives and the business planning process of Sport Wales.

The Risk Register is an electronic solution that is accessible to relevant managers via an online portal. The workings of the Register has been subject to an internal audit and presented to the audit committee. The Risk Register records 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 the Audit Committee. In addition managers present by rotation to the Audit Committee on their specific areas of risk and how they control or mitigate those risks.

Grants Monitoring

The majority of Sport Wales funding is expended in the award of grants. Grant awards are made on clear investment criteria into key sporting outputs and outcomes. Sport Wales takes appropriate steps to monitor the application of such awards by requiring formal reporting from recipients, as well as maintaining an on-going dialogue with key partners to gather informal intelligence. In addition, there are specific reconciliation criteria and where expenditure may vary from the level of grant award, Sport Wales exercises its right to claw back such amounts.

Key Risks

Risks to key strategic and operational activities are identified, evaluated and considered by the Senior Management Team, and action taken to mitigate them. Risks and the actions to manage risks are reviewed at regular intervals. The internal audit programme is significantly influenced by risks recorded in the risk register and, where appropriate, the auditors make recommendations to address any risk or identify new ones. The Audit Committee will review these recommendations and action appropriately.

Looking ahead, there are a number of key risks which have been identified at Sport Wales in the near future:

These are the implementation and roll out of a new on line Grant Management system and the impact of a planned change to the management structure at Executive level. However, the most significant strategic risk will be the impact of on-going cuts to public expenditure, combined with the increased financial cost of meeting pension deficit payments, which present the greatest threat to the delivery of Sport Wales objectives.

Sport Wales has an overall informed and measured appetite for taking risk to achieve its priorities. Where significant risk arises Sport Wales will take effective control action to reduce and manage these risks to a safe level. The Executive and Board are aware of the need to innovate further and faster in the future and to this end are actively exploring different delivery mechanisms and partners. This will create new and different risks and potentially increase the level of risk taken by Sport Wales. The Sport Wales Risk appetite may therefore rise but only within an informed and managed risk environment.

The Internal Auditors have given Sport Wales moderate assurance and no audit findings were classified as being of "high" or "very high" risk. During the year, a number of internal audit reports identified opportunities to enhance the control systems. The internal auditors were "satisfied that appropriate action has been identified by management to deal with the issues arising".

Internal Control

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

I am responsible for reviewing the effectiveness of the system of internal control. This is overseen by the Board, through the Audit Committee. It is informed by the work of both the internal and external auditors and the staff presentations to the audit committee of Sport Wales who have responsibility for the development and maintenance of the internal control framework. I plan to address identified weaknesses and ensure continuous improvement of the systems.

The internal audit service for Sport Wales during 2013/14 was provided by KTS Owens Thomas Ltd, who operated to standards defined in the Government Internal Audit Manual. Internal audit submit regular reports which provide an independent annual opinion on the adequacy and effectiveness of Sport Wales's systems of internal control and risk management, together with recommendations for improvement.

Every year the Audit Committee produces an Annual Report of their work to the Board of Sport Wales.

On-going Developments

Whilst the current system of internal control is strong, there are always areas which require or will benefit from improvement. During 2013/14 an independent review was undertaken of the Welsh Amateur Boxing Association, following issues raised both internally and externally. The review found a number of control weaknesses and poor working practices. Sport Wales took immediate and appropriate action to protect public funding and the organisation has responded positively to the concerns raised. We continue to work closely with them to ensure corrective action is taken. Progress will continue to be monitored and required as a condition of future funding. The process has prompted Sport Wales to review the control system we operate over National Governing Bodies generally and during 2014/15 Sport Wales will be implementing steps to further strengthen the controls in place to manage the risk inherent in investing public funding into third party organisations.

In the coming year, we expect to go live with a new on-line grants management system to improve efficiency and effectiveness. This will allow us to record much richer information regarding our investments and make more informed decisions in the future.

ACCOUNTING OFFICER: S Powell

Date: 09 July 2014

The Certificate and Report of the Auditor General for Wales to the National Assembly for Wales

I certify that I have audited the financial statements of Sports Council for Wales for the year ended 31 March 2014 by agreement as provided for under paragraph 18(3) of Schedule 8 to the Government of Wales Act 2006. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position and Consolidated Statement of Financial Position, Consolidated Statement of Cashflows and Consolidated Statement of Changes in Taxpayers' 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 and Chief Executive's Responsibilities, the Chief Executive Officer is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Government of Wales Act 2006 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice 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 Sports Council for Wales' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by 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 have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition I read all the financial and non-financial information in the Strategic and Director's Reports to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of Sports Council for Wales' consolidated affairs as at 31 March 2014 and of its net expenditure, recognised gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Government of Wales Act 2006.

Opinion on Regularity

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

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited, cross referenced to note 6(d) of the financial statements, has been properly prepared in accordance with Welsh Ministers' directions made under the Government of Wales Act 2006; and
- the information which comprises the Strategic Report and the Director's Report, included within the Annual Report 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:

- the Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas

Auditor General for Wales

24 Cathedral Road

Cardiff

CF11 9LJ

16 July 2014

The maintenance and integrity of the Sports Council for Wales' website is the responsibility of the Accounting Officer and Board; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE SPORTS COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST FOR THE YEAR ENDED 31 March 2014

		<u>2013/2014</u>	<u>2012/2013</u>
	Note	£000	Restated £000
EXPENDITURE			
Grant Expenditure	5	19,359	19,900
Staff Costs	6	5,167	5,021
Other Expenditure	7	3,804	3,887
Depreciation: owned assets	9	519	566
		<hr/> 28,849	<hr/> 29,374
INCOME			
Income from Activities	3	(2,533)	(2,461)
Other Income	3	(63)	(20)
		<hr/> (2,596)	<hr/> (2,481)
Net Expenditure		26,253	26,893
Pension Finance Cost		662	616
(Surplus)/deficit on Disposal of Property, Plant & Equipment	8	(4)	14
Interest Receivable		(2)	(3)
		<hr/> 656	<hr/> 627
Net Expenditure after interest and before taxation		26,909	27,520
Taxation Payable		<hr/> -	<hr/> 1
Net Expenditure after Taxation		<hr/> 26,909	<hr/> 27,521
Other Comprehensive Expenditure			
Net (gain) on revaluation of Property, Plant and Equipment		(1,110)	(291)
Actuarial (gain)/ loss pension		(6,884)	939
Total Comprehensive Net Expenditure for the year ended		<hr/> 18,915	<hr/> 28,169

The 2012/13 figures have been re-stated due to a change in accounting policy as shown in Note 1.14

CONTINUING OPERATIONS

No activities were acquired or discontinued during the current year or previous year.

The Net Expenditure after Taxation for the financial year attributable to the activities of Sport Wales was £26,909,000 (2012/2013 £27,521,000).

The notes on pages 29 to 56 form part of these accounts

STATEMENT OF FINANCIAL POSITION OF THE SPORTS COUNCIL FOR WALES
AS AT 31 March 2014

	Note	<u>At 31 March</u> <u>2014</u> <u>£000</u>	<u>At 31 March</u> <u>2013</u> <u>£000</u> Restated	<u>At 31 March</u> <u>2012</u> <u>£000</u> Restated
Non-current assets				
Property, Plant and Equipment	9(a)	259	282	337
Total non-current assets		<u>259</u>	<u>282</u>	<u>337</u>
Current assets				
Trade and other receivables	10	3,313	4,101	4,137
Cash and cash equivalents		1,097	655	500
Total current assets		<u>4,410</u>	<u>4,756</u>	<u>4,637</u>
Total assets		<u>4,669</u>	<u>5,038</u>	<u>4,974</u>
Current liabilities				
Trade and other payables	11	(463)	(381)	(501)
Grant accruals	12	(21)	(27)	(64)
Provision – employee redundancies	18	-	(109)	(50)
Total current liabilities		<u>(484)</u>	<u>(517)</u>	<u>(615)</u>
Non-current assets plus net current assets		<u>4,185</u>	<u>4,521</u>	<u>4,359</u>
Non-current liabilities				
Pension Liabilities	17	(7,908)	(14,776)	(13,236)
Total non-current liabilities		<u>(7,908)</u>	<u>(14,776)</u>	<u>(13,236)</u>
Assets less liabilities		<u>(3,723)</u>	<u>(10,255)</u>	<u>(8,877)</u>
Taxpayers' equity				
General fund		4,185	4,521	4,359
Pension reserve		(7,908)	(14,776)	(13,236)
Revaluation reserve		-	-	-
		<u>(3,723)</u>	<u>(10,255)</u>	<u>(8,877)</u>

The 2012 and 2013 figures have been re-stated due to a change in accounting policy as shown in Note 1.14

The notes on pages 29 to 56 form part of these accounts

The financial statements were approved by the Audit Committee on 09/07/2014 and were signed on its behalf by;

ACCOUNTING OFFICER: S Powell (Chief Executive)
09 July 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE SPORTS COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST AS AT 31 March 2014

	Note	At 31 March 2014 £000	At 31 March 2013 £000	At 31 March 2012 £000
Non-current assets				
Property, Plant and Equipment	9(b)	19,192	18,249	18,203
Total non-current assets		<u>19,192</u>	<u>18,249</u>	<u>18,203</u>
Current assets				
Trade and other receivables	10	3,313	4,101	4,137
Cash and cash equivalents	14	1,101	659	504
Total current assets		<u>4,414</u>	<u>4,760</u>	<u>4,641</u>
Total assets		<u>23,606</u>	<u>23,009</u>	<u>22,844</u>
Current liabilities				
Trade and other payables	11	(463)	(381)	(501)
Grant accruals	12	(21)	(27)	(64)
Provision – employee redundancies	18	-	(109)	(50)
Total current liabilities		<u>(484)</u>	<u>(517)</u>	<u>(615)</u>
Non-current assets plus net current assets		<u>23,122</u>	<u>22,492</u>	<u>22,229</u>
Non-current liabilities				
Pension Liabilities	17	(7,908)	(14,776)	(13,236)
Total non-current liabilities		<u>(7,908)</u>	<u>(14,776)</u>	<u>(13,236)</u>
Assets less liabilities		<u>15,214</u>	<u>7,716</u>	<u>8,993</u>
Taxpayers' equity				
General fund		14,530	14,587	14,213
Pension reserve		(7,908)	(14,776)	(13,236)
Revaluation reserve		8,592	7,905	8,016
		<u>15,214</u>	<u>7,716</u>	<u>8,993</u>

The notes on pages 29 to 56 form part of these accounts

The financial statements were approved by the Audit Committee on 09/07/2014 and were signed on its behalf by;

ACCOUNTING OFFICER: S Powell (Chief Executive)

**CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE SPORTS COUNCIL FOR WALES
AND THE SPORTS COUNCIL FOR WALES TRUST FOR YEAR ENDED 31 March 2014**

Cash flow from operating activities

		<u>2013/2014</u>	<u>2012/2013</u>
		£000	£000
	Note		Restated
Net Deficit after interest		(26,909)	(27,520)
(Surplus)/deficit on disposal of property, plant & equipment	8	(4)	14
Depreciation of property, plant & equipment	9(b)	519	566
Decrease in trade and other receivables	10	788	36
Increase in trade payables	11	82	(120)
(Decrease) in grant accruals	12	(6)	(37)
Interest received	13	(2)	(3)
Pension costs	17	16	601
(Decrease)/increase in provision for redundancies	18	(109)	59
		<hr/>	<hr/>
Net cash outflow from operating activities		<u>(25,625)</u>	<u>(26,404)</u>

Cash flows from investing activities

Purchase of property, plant and equipment	13	(348)	(335)
Interest received	13	2	3
		<hr/>	<hr/>
Net cash outflow from investing activities		<u>(346)</u>	<u>(332)</u>

Cash flows from financing activities

Net cash used in financing activities		(25,971)	(26,736)
Funding received from the Welsh Government	13	26,413	26,891
		<hr/>	<hr/>
Net Increase in cash and cash equivalents		<u>442</u>	<u>155</u>

Net increase in cash & cash equivalents in the period

Cash and cash equivalents at the beginning of the period		659	504
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	14	<u>1,101</u>	<u>659</u>
		<hr/>	<hr/>
		<u>442</u>	<u>155</u>

The 2012/13 figures have been re-stated due to a change in accounting policy as shown in Note 1.14

The notes on pages 29 to 56 form part of these accounts

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR THE SPORTS
COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST
FOR THE YEAR ENDED 31 MARCH 2014**

	<u>Revaluation Reserve</u>	<u>General Fund</u>	<u>Pension Reserve</u>	<u>Total</u>
	£000	£000	£000	£000
Balance at 1 April 2013	7,905	14,587	(14,776)	7,716
Net Expenditure after interest and before tax	-	(26,909)	-	(26,909)
Funding received	-	26,413	-	26,413
Revaluation of tangible fixed assets	1,110	-	-	1,110
Pension costs	-	16	(16)	-
Transfer to general fund	(423)	423	-	-
Actuarial Gain	-	-	6,884	6,884
Funds at 31 March 2014	8,592	14,530	(7,908)	15,214

The funds in Sport Wales own non-consolidated accounts at 31 March 2014 were (£3,723,000), (31 March 2013 restated (£10,256,000)) with £18,937,000 (2012/13 £17,972,000) attributable to the Sports Council for Wales Trust.

The notes on pages 29 to 56 form part of these accounts

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE SPORTS
COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST
FOR THE YEAR ENDED 31 March 2013**

	<u>Revaluation Reserve</u> £000	<u>General Fund</u> £000	<u>Pension Reserve</u> £000	<u>Total</u> £000
Balance at 1 April 2012	8,016	14,213	(17,190)	5,039
Restatement of opening Pension Reserve	-	-	3,954	3,954
Restated Balance as at 1 April 2012	<u>8,016</u>	<u>14,213</u>	<u>(13,236)</u>	<u>8,993</u>
Net Expenditure after interest and before tax	-	(27,520)	-	(27,520)
Funding received	-	26,891	-	26,891
Revaluation of tangible fixed assets	291	-	-	291
Pension costs	-	601	(601)	-
Transfer to general fund	(402)	402	-	-
Actuarial loss	-	-	(939)	(939)
Funds at 31 March 2013	<u><u>7,905</u></u>	<u><u>14,587</u></u>	<u><u>(14,776)</u></u>	<u><u>7,716</u></u>

The 2012/13 figures have been re-stated due to a change in accounting policy as shown in Note 1.14

The notes on pages 29 to 56 form part of these accounts

THE SPORTS COUNCIL FOR WALES AND SPORTS COUNCIL FOR WALES TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 March 2014

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2013/14 Government Financial Reporting Manual (IFRS based FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Sport Wales for the purpose of giving a true and fair view has been selected. The particular policies adopted by Sport Wales are described below. These have been applied consistently in dealing with items that are considered material to the accounts. The Sports Council for Wales Trust accounts were prepared on a different basis to adhere to the Statement of Recommended Practice (SORP) issued by the Charity Commissioners for England and Wales in 2005. Sport Wales's view on the use of different basis is that any differences are not likely to be material.

1.1 Basis of accounting

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment.

1.2 Funding

Sport Wales receives funding from the Welsh Government to finance the excess of its capital and revenue expenditure over its income. The funding is credited direct to the General Fund. Sport Wales also receives funding from the Welsh Government to implement the Physical Education and School Sport Task Force Action Plan, which is also credited directly to the General Fund. Other operating income comprises income from fees, sponsorship and certain incidental trading activities.

The Sports Council for Wales Trust, a charitable body wholly owned by Sport Wales, receives grants from Sport Wales for capital expenditure on property, plant and equipment relating to land and buildings. The Trust also holds equipment and vehicles purchased prior to April 2006. Since April 2006 capital expenditure on equipment and vehicles is only included in Sport Wales's accounts. The proceeds from the disposal of property, plant and equipment by the Trust are surrendered to Sport Wales.

1.3 Property Plant & Equipment

Freehold land is included in the statement of financial position at open market value and the buildings at depreciated replacement cost to reflect the specialist nature of the buildings. Professional valuations are obtained every year. Leasehold land under the operating lease is not included in Sport Wales's statement of financial position.

Equipment and vehicles are included in the statement of financial position at historic cost less a provision for depreciation. In the opinion of Sport Wales, there is no material difference between the historic and current cost net book values of these assets. The threshold for capitalisation of assets is £5,000 for Sport Wales and £5,000 for the Trust.

1.4 Depreciation

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

Freehold property	35 years
Leasehold property	35 -50 years
Equipment - computers	3 years
Other	3 - 10 years
Vehicles	5 years

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

1.5 Inventories

Sport Wales holds inventory for allocation as part of its grant activities and the related costs have been reflected in the Statement of Comprehensive Net Expenditure. It holds inventory for resale, which are not considered material. Inventory for resale has not been recognised as an asset in the Statement of Financial Position: the costs of these assets have been recognised as Other Expenditure in the Statement of Comprehensive Net Expenditure.

1.6 Pensions

Contributions to Sport Wales's pension schemes are charged to the Net Expenditure Account so as to spread the cost of pensions over employees' working lives with Sport Wales. In accordance with IAS 19, the charge to the Net Expenditure Account is calculated based upon service and pension finance costs calculated by the actuary. Sport Wales's share of the assets and liabilities of the pension fund are reflected as a net pension liability on the Statement of Financial Position.

Any pension liabilities or assets are apportioned between Sport Wales and Lottery on the historic rate of apportionment of staff costs according to the time staff spend in carrying out Lottery activities.

1.7 Taxation

Non-recoverable Value Added Tax is charged to Sport Wales's accounts in respect of taxable expenditure on non-trading activities. UK Corporation Tax is calculated at 20% (20% 2013) of the interest accruing on Sport Wales's investment income, but not that of the Trust.

1.8 Grants payable

Financial assistance by way of grants may be given to further the objectives of Sport Wales. Grants are offered on the basis of entering into a financial commitment based on the period of the project, which in many cases does not coincide with Sport Wales's accounting period. All grant expenditure is accounted for on the basis of project start date and end date and it is assumed that expenditure is defrayed evenly over the life of the project. Further information is set out at note 1.10, Use of estimates and judgements.

1.9 Consolidation

The accounts of Sports Council for Wales Trust, a charitable body wholly owned by Sport Wales, have been consolidated within these accounts. The Lottery Distribution activities of Sport Wales are reported under the National Lottery Act 1993, as amended, in a separate account which is not required to be consolidated with these accounts.

1.10 Use of estimates and judgements

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

Information about significant areas of estimation and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:-

Note 6 – 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% for Lottery purposes their costs are recharged in full.

Note 9(b) – Land is valued at market value and buildings are carried at depreciated replacement cost. These valuations are carried out by external valuers in accordance with the Royal Institute Chartered Surveyors appraisal and valuation manual. A number of key assumptions are made during this process.

Note 12 – Grant accruals and prepayments are calculated on the basis of the project start and end dates as set-out in note 1.8.

Note 17 – Measurement of defined benefit contributions depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, rate of increase in deferred pensions and expected return on scheme assets.

1.11 Financial Instruments

As the cash requirements of Sport Wales are primarily met through Grant-in-Aid provided by Welsh Assembly Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Sport Wales's expected purchase and usage requirements and Sport Wales is therefore exposed to little credit, liquidity or market risk.

1.12 Impairment

The carrying value of Sport Wales assets, 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.

1.13 Provisions – Employee redundancies

A provision is made to provide for liabilities which are likely to be incurred due to an event or decision being taken within a financial year, but there is uncertainty to the amount and/or date on which they will arise. A change to the provision is charged to the Statement of Comprehensive Net Expenditure. When the actual liability occurs, this is offset against the provision previously made.

The balance on the provision at 31 March 2013 recognised an estimate of the cost of the post to be made redundant in 2012/13 (and paid out in 2013/14) and the provision for payment against the strain on the pension fund following the announcement of the Chief Executive to take early retirement during 2013/14. These have been calculated as per the Sport Wales policy which is detailed in the staff handbook. Further information is set out at Note 18.

There were no additional provisions made during 2013/14.

1.14 Prior Period Adjustments

Sports Wales has amended its accounting policy in respect of the apportionment of the share of its net pension liability which was previously recognised in full in the consolidated financial statements for the Sports Council for Wales and Sports Council for Wales Trust. From 2013/14 the Sports Council for Wales will apportion any contributions towards the pension deficit; and any pension finance costs, to Lottery on the basis of the historic rate of apportionment of time spent by staff on Lottery funded activities. As a result of this change of accounting policy, and in accordance with IAS8, a prior period adjustment is required. The opening reserves as at 1 April 2012 and 1 April 2013 have been restated as well as the 2012/13 expenditure and pension liability figures. Disclosure of the effect of this change is shown in note 20 to the financial statements.

2. ANALYSIS OF NET COMPREHENSIVE EXPENDITURE

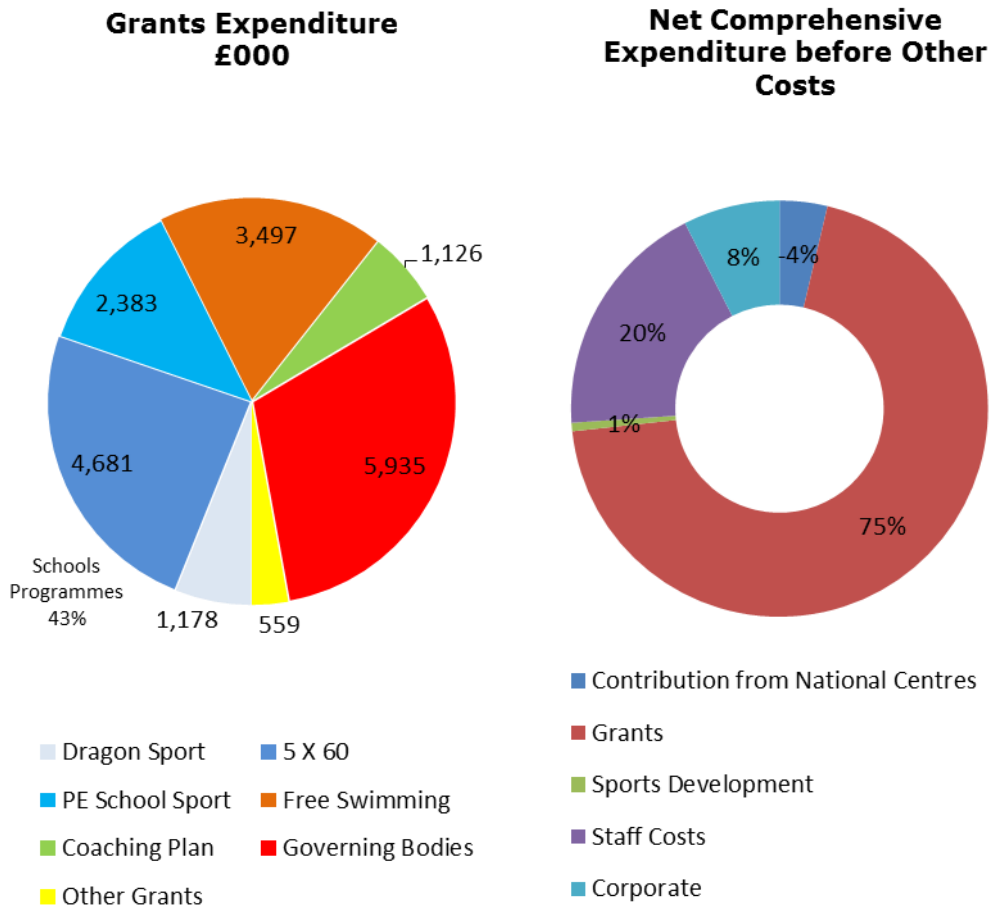
IFRS 8 requires operating segments to be identified on the basis on internal reports about components of Sport Wales that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance.

The Sport Wales previous format has been replaced with a more detailed breakdown showing in greater detail the allocation of expenditure.

		<u>Total</u> <u>2013/2014</u> £000	<u>Total</u> <u>2012/2013</u> £000 Restated
National Centres			
Revenue	Note 3	(2,505)	(2,431)
Expenditure Other	Note 7	1,475	1,855
Net Operating Contribution		<u>(1,030)</u>	<u>(576)</u>
Grants			
Sports Development Grants Income	Note 3	(28)	(30)
Grant Expenditure	Note 5	19,359	19,900
Net Operating Cost		<u>19,331</u>	<u>19,870</u>
Sports Development and Corporate			
Other Income	Note 3	(63)	(20)
Expenditure Other	Note 7	2,329	2,032
Net Operating Cost		<u>2,266</u>	<u>2,012</u>
Staff Costs	Note 6	5,167	5,021
Net Comprehensive Expenditure before Other Costs		<u>25,734</u>	<u>26,327</u>
Other Costs			
Property, Plant and Equipment and Pensions		(6,819)	1,842
Net Operating Cost		<u>(6,819)</u>	<u>1,842</u>
Total Comprehensive Net Expenditure		<u>18,915</u>	<u>28,169</u>

The 2012/13 figures have been re-stated due to a change in accounting policy as shown in Note 1.14

2. ANALYSIS OF NET COMPREHENSIVE EXPENDITURE – CONTINUED



3. INCOME

	<u>2013/2014</u> £000	<u>2012/2013</u> £000
Income from activities:		
Sports Development Grants:		
Other	28	30
	28	30
National Sports Centres	2,505	2,431
	2,533	2,461
Other operating income:		
Recovery of grants	35	1
EMS Grant	20	-
Other income	8	19
	63	20
Total Income	2,596	2,481

4. GRANTS RECEIVABLE FROM GOVERNMENT

	<u>2013/2014</u> £000	<u>2012/2013</u> £000
Transferred to general fund	26,413	26,891

5. GRANT EXPENDITURE

	<u>2013/2014</u> £000	<u>2012/2013</u> £000
Let's Walk Cymru	-	295
Performance and Excellence	7,088	7,471
PE and School Sport	2,383	2,121
Regions	9,888	10,013
	<u>19,359</u>	<u>19,900</u>
Public Sector	12,224	11,693
Private Sector	7,135	8,207
	<u>19,359</u>	<u>19,900</u>

6. STAFF COSTS

(a)	<u>2013/2014</u> £000	<u>2012/2013</u> £000
Permanent:		Restated
Salaries and wages	5,178	4,914
Provision for redundancies	-	166
Social Security costs	397	377
Other Pension costs	1,946	921
Agency & Instructional Staff	250	203
Staff on secondment	-	(32)
	<u>7,771</u>	<u>6,549</u>
IAS19 Adjustments	<u>(840)</u>	<u>(20)</u>
	6,931	6,529
Less: Allocated to SPORTLOT	<u>(1,764)</u>	<u>(1,508)</u>
	<u>5,167</u>	<u>5,021</u>

The 2012/13 figures have been re-stated due to a change in accounting policy as shown in Note 1.14

Other Pension costs include a lump sum contribution of £1,075,000 towards the net pension liability (2012/13 £75,000). As a result of the change of accounting policy noted above, the lump sum contribution is allocated 77% Sport Wales and 23% Lottery. The allocation is part of the 'Allocated to SPORTLOT' line.

IAS19 *Employee Benefits* requires an actuarially calculated figure (current service cost) to be charged to the Statement of Comprehensive Net Expenditure (SoCNE). For 2013/14, this charge was £1,090,000 and replaces the employer's pension costs in the SoCNE. The employer's contribution was £1,930,000, so the net effect was £(840,000) to staff costs. As current service cost is a notional entry, this is reversed in the Statement of Changes in Taxpayers Equity so that the General Fund is only charged with the cost of employer's pension contributions.

(b) The average number of permanent employees (excluding paid Council members) during the year on a whole time equivalent basis was made up as follows:

	<u>2013/2014</u> No	<u>2012/2013</u> No
Total	148.9	144.2

Due to the nature of their role we are unable to provide the Agency and instructional staff numbers on a full time equivalent basis.

(c) Compensation schemes – exit packages

Exit package cost band	Number of redundancies	
	2013-14	2012-13
< £10,000	0	0
£10,000 - £25,000	0	1
£25,000 - £50,000	1	1
£50,000 - £100,000	1	1
£100,000 - £150,000	0	0
Total number of exit packages	2	3
Total resource cost (£)	109,000	107,000

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where Sport Wales has agreed early retirements, the additional costs are met by Sport Wales and not by the Civil Service pension scheme.

(d) Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interest of the Senior Managers of Sport Wales. Details on start/leave dates can be found in the Pension Benefits table on page 40.

Remuneration (subject to audit)

Name	Title	% Apportioned to Lottery	Salary £000	Pension Benefit	Total 000
		2013/14 ** (2012/13)	2013/14 ** (2012/13)	2013/14 ** (2012/13)	2013/14 ** (2012/13)
Prof. Laura McAllister	Chair	50% (50%)	35 - 40 (35 - 40)	- -	35 - 40 (35 - 40)
Mrs Adele Baumgardt	Vice Chair	50% (50%)	10 - 15 (0 - 5)	- -	10 - 15 (0 - 5)
Ms Sarah Powell *	Chief Executive	25% (25%)	75 - 80 (55 - 60)	119,126 (8,718)	195 - 200 (65 - 70)
Dr Huw Jones	Chief Executive	25% (25%)	35 - 40 (75 - 80)	-36,446 (2,768)	0 - 5 (75 - 80)
Mr Chris James	Corporate Director	0% (20%)	- (40 - 45)	- (4,878)	- (45 - 50)
Mr Randal Hemingway	Corporate Director	25% (25%)	50 - 55 (15 - 20)	14,479 (4,008)	65 - 70 (15 - 20)
Mr Roy Payne	Corporate Director	50% (0%)	25 - 30 -	7,840 -	35 - 40 -
Mr Jonathan Davies	Corporate Director	50% (0%)	5 - 10 -	2,497 -	10 - 15 -
Mr Mark Frost	Corporate Director	25% (25%)	55 - 60 (55 - 60)	14,120 (8,362)	70 - 75 (60 - 65)
Ms Sian Thomas	Corporate Director	20% (20%)	0 - 5 (55 - 60)	-940 (12,297)	0 - 5 (65 - 70)
Mr Alan Williams	Manager Plas Menai Watersports Centre	(0%) (0%)	55 - 60 (55 - 60)	13,264 (2,198)	65 - 70 (55 - 60)
Mr Malcolm Zapple	Manager Sport Wales National Centre	0% (0%)	55 - 60 (55 - 60)	13,378 (2,871)	70 - 75 (55 - 60)
Mr David Roberts	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Martin J Warren	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Prof. John Baylis	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Richard Cuthbertson	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Andrew Morgan	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Simon Pirotte	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Paul Thorburn	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Mr Alan Watkin	Council Member	50% (50%)	5 - 10 (5 - 10)	- -	5 - 10 (5 - 10)
Ms Johanna Lloyd	Council Member	50% (50%)	5 - 10 (0 - 5)	- -	5 - 10 (0 - 5)
Ms Janet Kingston	Council Member	50% (50%)	0 - 5 (0 - 5)	- -	0 - 5 (0 - 5)
Ms Julia Longville	Council Member	50% (50%)	5 - 10 (0 - 5)	- -	5 - 10 (0 - 5)

Name	Title	% Apportioned to Lottery	Salary £000	Pension Benefit	Total 000
		2013/14 ** (2012/13)	2013/14 ** (2012/13)	2013/14 ** (2012/13)	2013/14 ** (2012/13)
Mr Peter King	Council Member	50% (50%)	5 - 10 (0 - 5)	- -	5 - 10 (0 - 5)

** 2012/13 figures have been restated for the single total figure of remuneration

* During the year, Sarah Powell held the following roles:

Dates:	Job Title:	FTE Salary
1st April to 4th July	Corporate Director	£56,576
5th July to 30th Sept	Interim CEO	£83,200
1st October to date	CEO	£88,400

The Remuneration Report now requires that a Single Total Figure of Remuneration is shown. The above table is similar to that used previously, and still shows the salary paid in bandings. The pension benefit figure which contributes to the single total figure is calculated in a new way as follows:

(real increase in pension* x 20) + (real increase in lump sum*) – (contributions made by employee)

*excluding increases due to inflation or any increase/decrease due to a transfer of pension rights

The pension benefit figure is not an amount that has been paid to the employee by Sport Wales during the year. It is a future benefit for the employee which is influenced by many factors including but not limited to, salary changes and any additional contributions made by the employee.

Median Remuneration Ratio

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2013 /14	2012 /13
Band of Highest Paid Director's Total Remuneration (£ '000)	85 - 90	70 - 75
Median Total Remuneration	25,750	25,344
Ratio	3.4	2.9

The ratio was calculated using the following assumptions:

1. Only salaries for staff paid through the payroll has been used (excludes agency staff as not material),
2. Figures have not been adjusted to reflect any apportionment to the Lottery accounts i.e. costs reflect all staff employed by The Sports Council for Wales processed through the payroll.

Total remuneration includes salary and allowances but excludes severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

There was an increase in the median ratio of 0.5. This is due to the change of CEO during the year. The new CEO total remuneration has increased by £15,220, whilst the median total remuneration has remained comparable.

Pension Benefits (subject to audit)

Name	Real increase in Pension (and lump sum) at age 65 for 2013/14	Total accrued Pension (and lump sum) at age 65 at 31 March 2014	CETV at 31 March 2014	CETV at 31 March 2013	Real Increase/ (Decrease) CETV in Year
	£000	£000	£000	£000	£000
Dr Huw Jones <i>Chief Executive (to 30.09.2013)</i>	-0.0 – 2.5 (-0.0 – 2.5)	25 – 30 (65 – 70)	585	560	23
Ms Sarah Powell <i>Chief Executive (from 01.10.2013)</i>	5 – 7.5 (7.5 – 10.0)	15 – 20 (30 – 35)	215	142	68
Mr Chris James <i>Corporate Director (to 31.10.2012)</i>	- -	- -	-	148	-
Mr Randal Hemingway <i>Corporate Director</i>	0.0 – 2.5 (0.0 – 2.5)	0 – 5 (0 – 5)	9	2	3
Mr Alan Williams <i>Manager Plas Menai Watersports Centre</i>	0.0 – 2.5 (-0.0 – 2.5)	20 – 25 (45 – 50)	447	412	32
Mr Malcolm Zaple <i>Manager Sport Wales National Centre</i>	0.0 – 2.5 (-0.0 – 2.5)	20 – 25 (45 – 50)	369	340	24
Mr Mark Frost <i>Corporate Director</i>	0.0 – 2.5 (-0.0 – 2.5)	10 – 15 (20 – 25)	191	171	16
Ms Sian Thomas <i>Corporate Director (to 10.05.2013)</i>	-0.0 – 2.5 (-0.0 – 2.5)	5 – 10 (0 – 5)	50	48	2
Mr Roy Payne <i>Corporate Director (from 24.06.2013 to 10.01.2014)</i>	0.0 – 2.5 (0.0 – 2.5)	0 – 5 (0 – 5)	7	-	4
Mr Jonathan Davies <i>Corporate Director (from 27.01.2014)</i>	0.0 – 2.5 (0.0 – 2.5)	0 – 5 (0 – 5)	2	-	1

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 Sport Wales'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.

7. OTHER EXPENDITURE

	<u>2013/2014</u> £000	<u>2012/2013</u> £000
Auditor's Fees – Audit services	29	25
Other work	-	4
Travelling, subsistence and hospitality expenses of:		
Members	27	22
Headquarters staff	33	28
National Sports Centres	5	3
Sports Development	120	124
Central support services	714	617
Marketing and communications	658	618
Research	622	426
Interest payable to Welsh Government	2	2
Other Expenditure:		
National Sports Centres	1,470	1,852
Sports Development	127	163
Movement in provision for doubtful debts	(3)	3
	<u>3,804</u>	<u>3,887</u>

8. DISPOSAL OF PROPERTY, PLANT & EQUIPMENT

	<u>2013/2014</u> £000	<u>2012/2013</u> £000
Gross book value	724	207
Accumulated depreciation	(722)	(151)
Net book value	<u>2</u>	<u>56</u>
Proceed from sale	6	42
Surplus/(deficit) on sale of asset	<u>4</u>	<u>(14)</u>

9. PROPERTY, PLANT & EQUIPMENT

(a) Council:	<u>Equipment</u> £000	<u>Vehicles</u> £000	<u>ICT</u> £000	<u>Total</u> £000
Cost or Valuation as 1 April 2013	409	122	255	786
Additions	49	14	12	75
Disposals	(42)	(8)	(56)	(106)
At 31 March 2014	<u>416</u>	<u>128</u>	<u>211</u>	<u>755</u>
Depreciation at 1 April 2013	(217)	(72)	(215)	(504)
Charge for the year	(55)	(15)	(26)	(96)
Disposals	40	8	56	104
At 31 March 2014	<u>(232)</u>	<u>(79)</u>	<u>(185)</u>	<u>(496)</u>
Net Book Value at 31 March 2014	<u>184</u>	<u>49</u>	<u>26</u>	<u>259</u>
Net Book Value at 1 April 2013	<u>192</u>	<u>50</u>	<u>40</u>	<u>282</u>
	<u>Equipment</u> £000	<u>Vehicles</u> £000	<u>ICT</u> £000	<u>Total</u> £000
Cost or Valuation as 1 April 2012	365	102	238	705
Additions	44	20	17	81
Disposals	-	-	-	-
At 31 March 2013	<u>409</u>	<u>122</u>	<u>255</u>	<u>786</u>
Depreciation at 1 April 2012	(152)	(51)	(165)	(368)
Charge for the year	(65)	(21)	(50)	(136)
Disposals	-	-	-	-
At 31 March 2013	<u>(217)</u>	<u>(72)</u>	<u>(215)</u>	<u>(504)</u>
Net Book Value at 31 March 2013	<u>192</u>	<u>50</u>	<u>40</u>	<u>282</u>
Net Book Value at 1 April 2012	<u>213</u>	<u>51</u>	<u>73</u>	<u>337</u>

(b) Consolidated:

	Plas Menai Freehold land and buildings £000	Sport Wales National Centre buildings £000	Equipment £000	Vehicles £000	ICT £000	Total £000
Cost or Valuation at 1 April 2012	5,050	12,725	1,930	156	319	20,180
Additions	88	208	44	20	17	377
Disposals	-	-	(179)	(26)	(2)	(207)
Revaluation	47	(158)	-	-	-	(111)
At 31 March 2013	5,185	12,775	1,795	150	334	20,239
Depreciation at 1 April 2012	-	-	(1,626)	(105)	(246)	(1,977)
Charge for the year	(143)	(259)	(93)	(21)	(50)	(566)
Disposals	-	-	123	26	2	151
Revaluation	143	259	-	-	-	402
At 31 March 2013	-	-	(1,596)	(100)	(294)	(1,990)
Net Book Value at 31 March 2013	5,185	12,775	199	50	40	18,249
Net Book Value at 1 April 2012	5,050	12,725	304	51	73	18,203
Cost or Valuation at 1 April 2013	5,185	12,775	1,795	150	334	20,239
Additions	49	228	49	16	12	354
Disposals	-	-	(593)	(8)	(123)	(724)
Revaluation	26	662	-	-	-	688
At 31 March 2014	5,260	13,665	1,251	158	223	20,557
Depreciation at 1 April 2013	-	-	(1,596)	(100)	(294)	(1,990)
Charge for the year	(145)	(277)	(55)	(15)	(27)	(519)
Disposals	-	-	591	8	123	722
Revaluation	145	277	-	-	-	422
At 31 March 2014	-	-	(1,060)	(107)	(198)	(1,365)
Net Book Value at 31 March 2014	5,260	13,665	191	51	25	19,192
Net Book Value at 1 April 2013	5,185	12,775	199	50	40	18,249

Included in Plas Menai Freehold land and buildings is land valued at £175,000 (2012/13 £175,000) The land and buildings held by the SCW Trust were independently valued as at 31 March 2014 at £18,925,000 by Messrs Cooke & Arkwright, Chartered Surveyors in accordance with the Royal Institute Chartered Surveyors appraisal and valuation manual. This valuation excludes the land at Welsh Institute of Sport, which is leasehold.

10. TRADE AND OTHER RECEIVABLES (DUE WITHIN 1 YEAR)

Council and Consolidated:

	<u>At</u> <u>31 March</u> <u>2014</u> £000	<u>At</u> <u>31 March</u> <u>2013</u> £000
Trade receivables	156	405
SPORTLOT	763	388
VAT	35	95
Prepayments and accrued income	215	152
Grant prepayment	2,080	2,182
Grant repayable	67	885
Provision for bad and doubtful debts	(3)	(6)
	<hr/> 3,313	<hr/> 4,101
	<u>At</u> <u>31 March</u> <u>2014</u> £000	<u>At</u> <u>31 March</u> <u>2013</u> £000
Intra-government balances		
Balances with other central government bodies	798	485
Balance with local authorities	380	970
	<hr/> 1,178	<hr/> 1,455
Balance with bodies external to government	<hr/> 2,135	<hr/> 2,646
	<hr/> 3,313	<hr/> 4,101

11. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Council and Consolidated:

	<u>At</u> <u>31 March</u> <u>2014</u> <u>£000</u>	<u>At</u> <u>31 March</u> <u>2013</u> <u>£000</u>
Trade payables	104	43
Other payables	-	1
Accruals	201	191
Deferred income	158	146
	<hr/> 463	<hr/> 381

	<u>At</u> <u>31 March</u> <u>2014</u> <u>£000</u>	<u>At</u> <u>31 March</u> <u>2013</u> <u>£000</u>
Intra-government balances		
Balances with other central government bodies	-	-
Balance with local authorities	-	-
	<hr/> -	<hr/> -
Balance with bodies external to government	463	381
	<hr/> 463	<hr/> 381

12. GRANT ACCRUALS

Council and Consolidated:

	<u>At</u> <u>31 March</u> <u>2014</u> <u>£000</u>	<u>At</u> <u>31 March</u> <u>2013</u> <u>£000</u>
Accrued Grants	21	27
	<hr/> 21	<hr/> 27

13. GROSS CASH FLOWS

	<u>2013/2014</u> <u>£000</u>	<u>2012/2013</u> <u>£000</u>
Cash Flows From Investing Activities		
Interest received	<u>2</u>	<u>3</u>
Capital Expenditure and Financial Investment		
Payments to acquire property, plant and equipment	(354)	(377)
Receipts from the sale of property, plant and equipment	<u>6</u>	<u>42</u>
	(348)	(335)
Cash Flows From Financing Activities		
Funding received from the Welsh Government (note 4)	<u>26,413</u>	<u>26,891</u>

14. CASH AND CASH EQUIVALENTS

	<u>2013/2014</u> <u>£000</u>	<u>2012/2013</u> <u>£000</u>
Balance at 1 April	659	504
Net change in cash and cash equivalent balances	<u>442</u>	<u>155</u>
Balance at 31 March	<u>1,101</u>	<u>659</u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	1,101	659
Balance at 31 March	<u>1,101</u>	<u>659</u>

15. CAPITAL COMMITMENTS AT NATIONAL SPORTS CENTRES

	<u>31 March</u> <u>2014</u> <u>£000</u>	<u>31 March</u> <u>2013</u> <u>£000</u>
Contracted but not paid	<u>-</u>	<u>-</u>

16. CONTINGENT LIABILITIES

The Chief Executive Officer announced a senior staff restructure during March 2014. Depending on the outcome of the restructure, Sport Wales may have to pay redundancy costs during 2014/15. The value and timing of any potential payments remains uncertain.

17. EMPLOYEE BENEFITS

The following pension disclosures have been prepared in accordance with IAS19 'Employee benefits'.

Sport Wales's employees belong to the Cardiff and Vale of Glamorgan Pension Fund which is part of the Local Government Pension Scheme. The fund provides defined benefits, based on the members' final pensionable salary.

Pension data contained within this disclosure have been provided by the Sport Wales's independent actuary, AON Hewitt. The IAS19 valuation provided by the actuary is for Sport Wales as a whole; no separate valuations have been obtained for the Sport Council for Wales Consolidated financial statements and the Lottery financial statements, and hence the data below is disclosed as gross.

The pension fund deficit along with the associated entries which impact the Statement of Comprehensive Net Expenditure, Statement of Financial Position and Statement of Changes in Taxpayers Equity have been apportioned between the Sports Council of Wales Consolidated financial statements and the Lottery financial statements in a ratio based on the historic apportionment of staff costs to the Lottery account. For 2013/14 this is Sports Council for Wales 77% and Lottery Accounts 23%.

Sport Wales made a total pension contribution in 2013/14 of £1,930,000 (2012/13 £920,000) which is analysed as follows:

- Employers Pension contributions £855,000 representing 21.5% of pensionable pay and advanced contributions in respect of early retirement cost (2012/13 £845,000 at 21.5%)
- Lump Sum Contribution of £1,075,000 (23% of which was met by Lottery), (2012/13 £75,000 met in full by Sport Wales)

The rate of employer's pension contributions from 2014/15 will be 20.2%. This has been set as a result of the last triennial valuation of the scheme which was carried out as at 31 March 2013. The actuary's report has been prepared in accordance with Guidance Note GN9 issued by the Institute and Faculty of Actuaries, current at the valuation date, to the extent that it applies to the Local Government Pension Scheme. Sport Wales expects to contribute £1,080,000 to the fund in 2014/15. In addition to this "strain on fund" contributions may be required as well as an additional contribution towards the pension deficit of £250,000.

The net pension liability for the Sport Council of Wales consolidated accounts as at 31 March 2014 is £7,908,000 (2012/13 £14,776,000).

Main Financial Assumptions

	31 March 2014	31 March 2013	31 March 2012
Discount Rate	4.3	4.6	4.8
Inflation – CPI	2.4	2.8	2.6
Rate of increase to pensions in payment	2.4	2.8	2.6
Rate of increase to deferred pensions	2.4	2.8	2.6
Rate of general increase in salaries	3.4	4.7	4.6
Mortality assumptions:			
Future lifetime from age 65 (aged 65 at accounting date)			
- Male	23.7	24.0	23.9
- Female	26.6	26.8	26.7
Future lifetime from age 65 (aged 45 at accounting date)			
- Male	25.7	25.7	25.6
- Female	28.9	28.8	28.7

Sport Wales employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is derived by aggregating the expected rate of return for each asset class over the actual allocation for the Fund at 31 March 2014.

Analysis of movements in surplus (deficit) during the year

	31 March 2014 £M	31 March 2013 £M
Fair value of fund assets	26.37	22.48
Present value of liabilities	(36.64)	(41.67)
(Deficit) in scheme at end of year	(10.27)	(19.19)

Analysis of amount charged to Operating Costs

	31 March 2014 £M	31 March 2013 £M Restated
Current service cost	1.09	0.90
Past service cost	0.00	0.00
Interest cost	0.86	0.80
Expense recognised	1.95	1.70

Remeasurement of amounts recognised in Other Comprehensive Expenditure

	31 March 2014 £M	31 March 2013 £M Restated
Return on plan assets in excess of that recognised in net interest	(1.50)	(1.84)
Actuarial (gains)/losses due to change in financial assumptions	(3.38)	3.12
Actuarial (gains)/losses due to change in demographic assumptions	(1.78)	0.00
Actuarial (gains)/losses due to liability experience	(2.28)	(0.06)
Total amount recognised in Other Comprehensive Expenditure	(8.94)	1.22
Total amount recognised	(6.99)	2.92

Changes to the present value of defined benefit obligation during the accounting period

	31 March 2014 £M	31 March 2013 £M
Opening defined benefit obligation	41.67	36.41
Current service cost	1.09	0.90
Interest expense on defined pension obligation	1.90	1.73
Contributions by participants	0.27	0.26

Actuarial (gains)/losses on liabilities - financial assumptions	(3.38)	3.12
Actuarial (gains)/losses on liabilities - demographic assumptions	(1.78)	0.00
Actuarial (gains)/losses on liabilities – experience	(2.28)	(0.06)
Net benefits paid out	(0.85)	(0.69)
Past service cost (including curtailments)	0.00	0.00
Closing defined benefit obligation	36.64	41.67

Changes to the fair value of assets during the year

	31 March 2014 £M	31 March 2013 £M Restated
Opening fair value of assets	22.48	19.22
Interest income on assets	1.04	0.93
Remeasurement gains/(losses) on assets	1.50	1.84
Contributions by the employer	1.93	0.92
Contributions by participants	0.27	0.26
Net benefits paid out	(0.85)	(0.69)
Closing fair value of assets	26.37	22.48

Actual return on assets

	31 March 2014 £M	31 March 2013 £M Restated
Expected return on assets	1.04	0.93
Actuarial gain / (loss) on assets	1.50	1.84
Actual return on assets	2.54	2.77

History of asset values, present value of defined benefit obligation and deficit

	31 March 2014 £M	31 March 2013 £M	31 March 2012 £M	31 March 2011 £M	31 March 2010 £M
Fair value of assets	26.37	22.48	19.22	18.32	17.39
Present value of defined benefit obligation	(36.64)	(41.67)	(36.41)	(31.32)	(32.56)
(Deficit)	(10.27)	(19.19)	(17.19)	(13.00)	(15.17)

18. PROVISION – EMPLOYEE REDUNDANCIES AND PENSION STRAIN

	<u>Employee redundancies</u> £000	<u>Total</u> £000
Balance at 1 April 2013	109	109
Movement in provision	-	-
Provisions utilised in the year	(109)	(109)
Balance at 31 March 2014	<u>0</u>	<u>0</u>

Analysis of expected timing of cash flows

	<u>Employee redundancies and pension strain</u> £000	<u>Total</u> £000
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
Balance at 31 March 2014	<u>0</u>	<u>0</u>

Employee Redundancies and Pension Strain

At March 2012/13 the provision included an amount set aside to meet an employee redundancy and to meet the strain on pension following the announcement of the Chief Executive to take early retirement. During 2013/14 payments were made to individuals and set against the provision. There were no additional provisions made during 2013/14.

19. RELATED PARTY TRANSACTIONS

Sport Wales is a Public Body, sponsored by the Welsh Government. Welsh Government is regarded as a related party. During the year, Sport Wales received funding from the Welsh Government, the National Lottery, the Lottery distributing function of Sport Wales, is also considered to be a related party. During the year, Sport Wales entered into transactions of a material nature with organisations in which the following board members and senior management employees have declared an interest.

The payments column includes all payments made during the year for current commitments, prepaid commitments and non-grant expenditure. The final column is committed grant payments not yet made (does not include any non-grant amounts).

Member's Panel	Body	Payments in Year £000	Nature of link	Committed Grant Payment
S Thomas <i>Corporate Director</i>	FAW Football in the Community	1,471	Husband is Trustee	-
A Williams <i>Manager Plas Menai Watersports Centre</i>	Welsh Yachting Association	132	Member & daughters coach/one a physiotherapist	-
	Royal Yachting Association	8	Member & daughters coach/one a physiotherapist	-
	Caernarfon Harbour Trust	3	Member of Advisory Group	-
	Sports Coach UK	1	Member	-
	Welsh Canoe Association	67	Member	-
M Frost <i>Corporate Director</i>	Glamorgan County Cricket Club	1	Member	-
	Cardiff County Council	880	Wife Employee	-
S Powell <i>CEO</i>	Welsh Hockey Union	244	Member	12
H Jones <i>CEO</i>	Groundwork Wales	1	Son Employee	-
J Lloyd <i>Council Member</i>	Welsh Netball Association	162	Mother Employee	-
	Rhondda Cynon Taff CBC	1,378	Sister Employee	-
	Welsh Badminton Union	85	Sister provides coaching	-

Member's Panel	Body	Payments in Year £000	Nature of link	Committed Grant Payment
	Cardiff Metropolitan University	49	Father Employee	-
	Welsh Rugby Union Ltd	400	Father WRU Match Official	-
	University of South Wales	10	Advisory Board Member	-
J Longville <i>Council Member</i>	Pembrokeshire County Council	356	PESS Consultant for West Consortia	-
	Powys County Council	406	As Above	-
	Neath/Port Talbot County B.Council	1,044	As Above	-
	City & County of Swansea	631	As Above	-
	Ceredigion County Council	290	As above	-
	Cardiff Metropolitan University	49	Senior Lecturer	-
	Welsh Netball Association	162	Member	-
	Welsh Athletics	436	Son athlete of Welsh Athletics	-
P King <i>Council Member</i>	Sports & Recreation Alliance	3	Director	-
Prof L McAllister <i>Chair</i>	FAW Football in the Community	1,471	Board Member	-
	Institute of Welsh Affairs	3	Board Member	-
	UK Sports Council	2	Board Member	-
	Beaufort Research Ltd	23	Sister MD	-
M J Warren <i>Council Member</i>	Cardiff Metropolitan University	49	Director of Finance (until 2013)	-

Member's Panel	Body	Payments in Year £000	Nature of link	Committed Grant Payment
Prof J Baylis <i>Council Member</i>	University Of Wales Swansea	49	Emeritus Professor	-
S Pirotte <i>Council Member</i>	Colegau Cymru	3	Board Member	-
A Watkin <i>Council Member</i>	Tennis Wales	303	Board Member	-
	Welsh Hockey Union	244	Chair	-
D L Roberts <i>Council Member</i>	Welsh Gymnastics	198	Partner is Chief Executive	-

Remuneration of Senior Managers and Council Members

Senior Managers and Council Members are considered to be the Directors and their remuneration is disclosed within Note 6 (d) on pages 37 to 38.

20. PRIOR PERIOD ADJUSTMENTS

Historically the pension deficit has been reported in full within the Sports Council for Wales Consolidated financial statements. From 2013/14, the pension deficit and all related IAS19 accounting entries will be apportioned between the Sports Council for Wales consolidated accounts and the Lottery financial statements. The apportionment will be based on the historic apportionment of staff time on Lottery funded activities. For 2013/14 the apportionment is Sport Council for Wales Consolidated accounts 77% and Lottery 23%.

As this is a change in accounting policy, IAS 8 requires that the change is applied to the 2012/13 comparative figures and this note discloses the impact on the previously reported 2012/13 transactions and balances. The change impacts on the (i) reserves balance at 1 April 2012, (ii) reserves balance at 1 April 2013 and (iii) Total Comprehensive Net Expenditure reported for the 2012/13 financial year.

(i) Reconciliation of restated opening reserves at 1 April 2012 to the reported opening reserves at 1 April 2012 (per audited 2012/13 Sport Council for Wales consolidated financial statements)

	Revaluation Reserve £000	General Fund £000	Pension Reserve £000	Total £000
Reported Opening Reserves in 2012/13 audited accounts (as at 1 April 2012)	8,016	14,213	(17,190)	5,039
Impact of 23% apportionment of Pension Deficit to Lottery accounts	-	-	3,954	3,954
Restated Opening Reserves as at 1 April 2012	8,016	14,213	(13,236)	8,993

(ii) Reconciliation of restated opening reserves at 1 April 2013 to the reported opening reserves at 1 April 2013 (per audited 2012/13 Sport Council for Wales consolidated financial statements)

This disclosure shows the effect of the prior period adjustment on the reported opening reserves in the 2013/14 financial statements. It takes into account two elements:

- Initial impact of the pension deficit apportionment at 1 April 2012
- Removal of in-year IAS19 movements which now relate to Lottery financial accounts.

	Revaluation Reserve £000	General Fund £000	Pension Reserve £000	Total £000
Reported Opening Reserves in 2012/13 audited accounts (as at 1 April 2013)	7,905	14,587	(19,190)	3,302
As above: Impact of 23% apportionment of Pension Deficit on 1 April 2012	-	-	3,954	3,954
<i>Apportionment impact of IAS19 in year movements:</i>				
23% Pension Cost (Finance Cost, Service Cost and Employers Contribution) transferred to Lottery	-	-	179	179
23% of Actuarial Loss transferred to Lottery	-	-	281	281
Restated Opening Reserves as at 1 April 2013	7,905	14,587	(14,776)	7,716

(iii) Reconciliation of restated Total Comprehensive Net Expenditure at 31 March 2013 to the reported Total Comprehensive Net Expenditure (per the audited 2012/13 Sport Council for Wales consolidated financial statements)

This disclosure shows the impact of the prior period adjustment on the Total Comprehensive Net Expenditure reported in the 2012/13 audited accounts. Total Comprehensive Net Expenditure is restated to reflect the IAS19 accounting entries required when a body holds a pension surplus/deficit. Historically, the Sports Council for Wales have held the full pension deficit and therefore all IAS19 entries were accounted for fully within these financial statements. However, as the deficit is now apportioned between Sports Council for Wales and Lottery, the relevant share of the IAS charges are apportioned to Lottery and reflected in Lottery financial statements. The Lottery share for 2012/13 has therefore been removed from the Total Comprehensive Net Expenditure in the previously reported 2012/13 Sports Council for Wales consolidated financial statements.

	Total £000
Previously reported Total Comprehensive Net Expenditure (as at 31 March 2013)	28,629
Apportionment of IAS19 pension costs (Finance Cost, Service Cost and Employers Contribution)	(179)
Apportionment of IAS19 Actuarial Loss	(281)
Restated Total Comprehensive Net Expenditure as at 31 March 2013	28,169

21. EVENTS AFTER THE REPORTING PERIOD

The accounts were authorised for issue by the Accounting Officer on the date they were certified by the Auditor General for Wales. There were no events after the reporting period.