

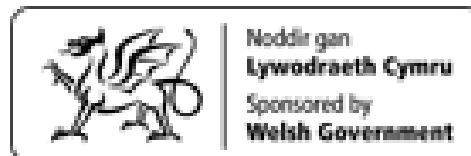


SPORT WALES

CHWARAEON CYMRU

ANNUAL REPORT AND ACCOUNTS

2016- 2017



THE SPORTS COUNCIL FOR WALES AND SPORTS COUNCIL FOR WALES TRUST
1 APRIL 2016 – 31 MARCH 2017

ANNUAL REPORT AND ACCOUNTS

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

Sport Wales is a Sole 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.

REGISTERED OFFICE

Sophia Gardens
Cardiff
Wales
CF11 9SW

PERFORMANCE REPORT

CHIEF EXECUTIVE PERFORMANCE OVERVIEW

In 2016/17, Sport Wales has continued to enable, invest and collaborate with partners across Wales to deliver more opportunities for people to become physically active through sport and physical recreation. Alongside this, the organisation has worked to ensure that our elite athletes have the best possible chance to succeed on the world stage and that our National Governing Body partners are building effective systems to develop talent. Sport Wales continues to seek to deliver on the sector's aspirations of getting every child hooked on sport for life and create a nation of champions. Sport Wales' impact as an organisation is only possible through effective joint working with a wide range of partners. It is only right that I recognise the support and hard work of our National Governing Bodies, Local Authorities and many other partners who are central in delivering opportunities week in, week out, for people to become active.

The Welsh General Election in May 2016 saw the sport portfolio being split across two Cabinet Secretaries and a Minister. The placement of elite sport, particularly the infrastructure and major event areas, within the wider economy and tourism brief, provides recognition of sport as a contributor to economic development in Wales along with a major source of national identity on a global stage. The alignment of community sport within the broader health portfolio recognises the role that sport plays in providing opportunities for people to become more physically active and the resultant physical and mental health benefits.

I am looking forward to continuing to work with the Welsh Government and all our partners in encouraging more people to become physically active and making a positive contribution to delivering on the Chief Medical Officer's guidelines on physical activity.

Sport Wales: Delivering for Future Generations

The *Well-Being of Future Generations (Wales) Act 2015* is a great opportunity to formalise collaboration and integration with partners across the public sector. I know that alone we cannot deliver improved well-being for the entire Welsh population, it is an ambitious goal that can only be achieved through co-ordinated, collective action. I believe that this has provided Sport Wales with the opportunity to take a fresh look at the impact it makes to the well-being goals in the Act, ensuring there is recognition for the widest impact of our work on communities across Wales. Sport Wales has started on a journey to robustly evidence our wider impact and this is very much a work in progress that will continue in 2017/18.

Embedding the well-being goals, the ways of working and Sport Wales' own well-being objectives, has been crucial in ensuring consideration is given to the wider impact of our work on the well-being of the nation. The Act clearly expects a culture shift across the public sector, which I believe Sport Wales is well positioned to support, but also means that the practical processes for business planning and measurement need to better align to the Act. To achieve this Sport Wales has adapted its Equality Impact Assessment to include both the well-being objectives and the five ways of working. The creation of this new 'Impact Assessment', which also takes into account duties around child poverty and the Welsh Language, is a positive step in providing a comprehensive, joined up approach to the duties placed upon the organisation. I am conscious that as this tool starts being used it will need to be developed and amended, but believe that this is one of the most effective ways of identifying organisational progress in delivering the Act effectively and challenging thinking.

The Act places a duty on named organisations to develop a series of well-being objectives, which demonstrate how the organisation impacts on the broader well-being of the Welsh population. These are high level, strategic statements that the organisation will align measurement and our strategies against. Sport Wales has established and sought feedback on the following well-being objectives, as per the duty on us in legislation and the request within our Remit Letter from Welsh Government for 2016/17:

| |
|---|
| People in Wales live physically active and therefore healthier lives |
| A resilient Wales ● A healthier Wales ● A Wales of cohesive communities ● A Wales of vibrant culture and thriving Welsh language ● A globally responsible Wales |
| <i>Measured through the National Survey for Wales and the School Sport Survey</i> |

| |
|--|
| Children and young people have the motivation, physical skills, knowledge, understanding, and opportunities to take part in physical activity for life |
| A prosperous Wales ● A resilient Wales ● A healthier Wales ● A Wales of cohesive communities ● A Wales of vibrant culture and thriving Welsh language ● A globally responsible Wales |
| <i>Measured through the School Sport Survey</i> |

| |
|---|
| Wales is recognised internationally as a successful sporting nation |
| A healthier Wales ● A Wales of cohesive communities ● A prosperous Wales ● A Wales of vibrant culture and thriving Welsh language |
| <i>Measured through the National Survey for Wales, the Sport Wales Institute Survey, Athlete Voice, Focus Tool, UK Pathway Athlete Database</i> |

| |
|---|
| Sport Wales is an exemplar organisation driving a culture that promotes well-being, equality, and sustainability |
| A more equal Wales ● A Globally Responsible Wales |
| <i>Measured through the Stakeholder Perception Survey, Athlete Voice, and Staff Survey</i> |

It is important that these are kept under review in the coming twelve months to ensure they capture the range of impacts that we have as an organisation. Within the next Business Plan cycle I will want to ensure that the duties within the Act are fully embedded in Sport Wales' planning process at all levels.

Leading the development of sport in all communities

Sport Wales has invested over £24million into community sport in Wales in the last twelve months, including providing National Lottery support to over 1500 clubs and organisations to deliver the thousands of local opportunities for the people of Wales to become active. I know that sport plays a central role in creating a more active and healthy population. I have sought to ensure investment in both traditional sporting opportunities for those already engaged in sport, alongside more recreational opportunities, for those who are taking part for social reasons. In the last twelve months Sport Wales has also actively invested into tackling barriers to participation for specific groups.

Sport Wales' Remit Letter from Welsh Government for 2016/17 was clear that the organisation needed to continue to proactively tackle barriers to participation in relation to equality and poverty. The organisation has made £3million of National Lottery funding available for organisations and sport partners to help tackle low participation among target audiences. This has led to new partnerships being developed and new insight into how to overcome barriers to participation faced by some within our communities. A comprehensive evaluation of this investment programme was commissioned and the initial findings are providing Sport Wales, and the wider public sector, with some important points for consideration. In particular the initial findings have indicated the need to be bold in driving collaboration, ensure an in-depth understanding of the communities being targeted and to explore different ways of measuring impact beyond number of participants. In the coming year I will be looking to embed this learning in the overall approach of the organisation to tackling low participation levels from certain groups within Wales.

This investment has not only provided valuable insight and tackled some of the barriers to participation, it has also broadened the number of partners that Sport Wales now invests in beyond a traditional governing body and local authority base. Whether it's geocaching in the Brecon Beacons with young people from deprived communities, improving physical literacy for girls through the Girl Guides or working with RCT Homes to make physical activity more accessible to their tenants, these new partnerships have found new ways to deliver on the organisations goals and been able to reach audiences that might previously have not thought sport was for them.

Sport Wales has utilised research previously undertaken into participation in Black and Minority Ethnic (BME) communities in Wales to inform the decision to make a £500,000 investment into a partnership with the Welsh Council for Voluntary Action (WCVA) to specifically work with BME communities in Cardiff, Swansea, Newport and Wrexham. The intention of this partnership is to not only identify opportunities for participation in activity, but also to listen to and engage communities in delivering these opportunities. This has been led by the insight we have from Sport Wales surveys and commissioned pieces of research, as well as the knowledge and skills of partner organisations. The WCVA partnership complements other investments such as the award winning Cricket Beyond Boundaries project with Cricket Wales, which received Sport Wales investment to deliver pop-up cricket sessions for BME communities across Cardiff.

The approach of identifying new partnerships and investing in those organisations that are best placed to deliver on our outcomes has been at the heart of Sport Wales' proposal to redevelop the delivery model for community sport. In the last twelve months, considerable consultation has been undertaken with a wide range of partners, both new and existing, on a business case to evolve the way in which Sport Wales invests into community sport. This is based on delivering outcomes for Sport Wales and Welsh Government, but most crucially for individual citizens and communities. The organisation has worked with partners across North Wales to develop a proposal for 'Sport North Wales'. This has been led by the agencies involved and focuses on how to achieve greater collaboration to ensure the maximum impact of any investment on the communities of North Wales. A similar approach has been adopted with organisations in Gwent to look at how a regional model of strategic investment would work for that area. The learning from both of these pathfinders will inform the discussions that are taken forward with other parts of Wales.

Over the past 12 months, Sport Wales has also been leading the development of a sporting pathway model, which is seen as a long term approach for all partners who can impact on the Community Sport and Elite Sport strategies. This piece of work has initially been developed with the input of National Governing Bodies, but is relevant for all partners Sport Wales works with.

The foundations for participation is critical in creating a nation that is able to be active and participate in sport. Whilst the development of physical literacy is a lifelong journey, Sport Wales recognises that it is in schools where the biggest impact can be made, through getting those first experiences of being active right. Sport Wales has received fifteen years of investment from Welsh Government into programmes that can support all children to be physically active, culminating in the Physical Literacy Programme for Schools (PLPS) and the fit with the development of a new curriculum. In this time I have seen a steady increase in the number of pupils regularly participating in sport and a gradual embracing of physical literacy as a core area of work by schools. Whilst the investment for the PLPS programme ended this financial year, there is a legacy of a range of resources and knowledge that will be central in providing education professionals with the tools they need to deliver a physically literate population and the 'Healthy and Confident' area of the new curriculum. Central to this has been the development of the 'Physical Literacy Journey' online toolkit, which provides education professionals with access to all the materials, knowledge and guidance that have been developed over the last fifteen years. Sport Wales will continue to work to ensure that the new curriculum and schools place the physical literacy agenda at the heart of their offer.

Sport Wales has sought to listen to the needs of community sport through the development of the Club Solutions website (www.clubolutions.wales), which was launched in June 2016 as part of Sport Wales' Volunteers Week activity. The website content has been developed in partnership with the sector and continues to evolve with their input to ensure it meets the needs of sporting organisations. The website has been well received since its launch and 223 organisation have accessed the self-assessment tool that's available on the website, which through a series of questions helps organisations identify areas of improvement. In addition, over 400 organisations responded to an online survey on their learning needs and in response to the survey findings, a number of 'bitesize learning' tools are being developed. The development of this site will continue in the coming year.

Sport Wales has made good progress in raising the profile of effective long term planning of facilities with the Welsh Government and the sport sector in the past year. The Facilities Blueprint was launched by the Deputy Minister and is one of the first sport policy documents that positively responded to the Well-being of Future Generations (Wales) Act. A high profile advocacy event, organised in partnership with the Welsh Local Government Association, was held in September 2016 at the Senedd to raise awareness of the blueprint. I am keen that this work continues in the coming twelve months with the sport sector and other key partners, particularly planning and education, to ensure all sports and local authority areas are able to establish long term facility plans.

As part of Sport Wales' commitment to facility development, the organisation has continued to invest in the 3G Collaboration Partnership with Hockey Wales, Welsh Rugby Union and Football Association of Wales, which has seen investment in a range of 3G facilities right across Wales. The innovative approach adopted with the three sports is to ensure that 3G pitches are placed in areas where there can be maximum usage and to ensure a strategic overview of investment. It is this type of collaboration that Sport Wales would like to see embedded across facility development in Wales.

Enabling Success on the International Stage

The summer of 2016 saw our Welsh sport stars once again put the nation on the map. The unprecedented success of the Welsh football team at Euro 2016 brought the nation together like never before on their journey to the semi-finals. Sport Wales' investment into the FAW Trust sought to ensure that every piece of inspiration generated could be matched by an opportunity to participate in a range of football opportunities.

Following the football the nation saw in Rio the best ever performance for Welsh athletes at an Olympic Games. Twenty three Welsh athletes represented team GB, returning 10 medals (surpassing the previous highest total of seven in London) including four golds (equalling the previous highest number won in Antwerp in 1920). Jade Jones became the first Welsh woman ever to retain an Olympic title, and there were world records for Owain Doull and Eleanor Barker on their way to team pursuit gold. A further gold was secured by Hannah Mills and emotional silver medals for Becky James and Jazz Carlin after both missed the London Games with injury. Two of Wales' Olympic debutants (Chloe Tutton and Non Stanford) finished in fourth, just outside of the medals. Looking forward, it is positive to note that 17 of Wales' 23 Olympians, including double medalists Jazz Carlin and Becky James, are eligible to compete at the Gold Coast Commonwealth Games in 2018.

At the Paralympics, 26 Welsh athletes (10% of Team GB) were selected, returning eight medals including five golds. Established Paralympians Rachel Morris, Hollie Arnold, Aled Davies and Aaron Moores all delivered gold medals and there were bronze medals for Paralympic debutants Sabrina Fortune and Phil Pratt. Despite the success, the Paralympic medal delivery represents a downward trend. Sustaining success at the Games will require maintaining the momentum already created in improving the quality of the systems and pathways that develop future medalists. This also reflects the growing competitiveness of Paralympic sport globally and the reduction in multi-medal winning athletes within the Welsh contingent

The Sport Wales Institute supported 85% of the athletes selected across both teams, in addition to supporting some non-Welsh athletes that are based in Wales. Working closely with the athletes and their coaches, the Sport Wales Institute science and medicine practitioners provided the day to day support that helped these athletes to excel at the highest level by providing bespoke expertise and solutions to meet their performance needs. The Sport Wales Institute also works collaboratively with British governing bodies to ensure that athletes who now train in programmes based elsewhere in the UK, are able to access a seamless provision of world class support in the periods when they return to Wales. The organisation was also represented at the Games with three members of staff selected to be part of Team GB in either HQ or holding camp roles.

With the next Commonwealth Games looming, Sport Wales is doing everything we can to ensure our athletes succeed in the Gold Coast. The Sport Wales Institute has worked with our sports and, based on evidence, identified athletes that have the best prospects of achieving medal success in Australia. The team has then worked with the sport and the athletes to provide a range of bespoke services in order to support the athlete to achieve their goals. The Sport Wales Institute continues to adopt an approach whereby the practitioners wrap themselves around the athlete in order to provide the support that is needed, when it is needed.

In the last twelve months the Sport Wales Institute has realigned our high performance approach, through discussions with National Governing Body performance directors, to ensure that future athletes are better prepared to cope with the demands of elite level training. The system building work the Sport Wales Institute is undertaking is about delivering across a wider group of athletes, earlier in their careers to make sure they achieve their full potential. It is more sustainable because it focusses on preventing problems before they occur, supports sports in working collaboratively and will provide a competitive advantage on the world stage. The Sport Wales Institute is inviting and encouraging performance directors, coaches and athletes to be open and confident in giving

the organisation continuous feedback on the quality of services so that improvements can be made continuously.

Organisational Development

I have sought to continue to ensure the organisation invests in all our staff, including having in place a comprehensive management and leadership programme delivered by the Chartered Management Institute. I am proud of the Gold standard in Investors in People that we received in 2015 and look forward to our next appraisal in 2018.

I am pleased to report that for the second successive year Sport Wales has been awarded 'substantial assurance' by Deloitte, our internal auditors. This highest possible category has been awarded for both the organisation's overall assessment, based on audits undertaken during the year, and also for our corporate governance & risk management arrangements.

Sport Wales has continued to develop a commercialisation strategy in the last twelve months along with partners in the sport sector, as referenced in our Remit Letter. This has sought to define the role of Sport Wales in bringing the sport sector and the private sector together as well as areas for commercial development within the organisation, particularly our two national centres. Sport Wales has taken time in developing this approach to ensure that it is adding value to the work already being undertaken to make the sport sector more commercially sustainable via governing bodies and other partners. It is important in the context of reducing public sector investment that partners are positively and proactively seeking additional sources of investment and support.

Our Plas Menai Centre was successful in obtaining capital grants during the year totalling approximately £250,000 from sources outside of our sponsor division – namely the Tourism Investment Support Scheme and Welsh Government's Invest to Save Scheme.

This commercial approach is not solely about investment, equally important is accessing the skills and knowledge of those working in more commercial settings in order to provide the sport sector with that insight in order to develop. In the past twelve months Sport Wales has sought to build a range of contacts that can add to the range of skills available to the sport sector in Wales. Whilst this work is still in its early stages, I believe that there are some sound principles to work from that have been agreed in conjunction with our partners.

Finally, I would wish to thank all staff for the professionalism they have shown during the period of Welsh Government's assurance review of governance arrangements at Sport Wales at the end of 2016 and the subsequent termination of the Chair and Vice Chair appointments in March 2017. This has inevitably been a difficult time for all staff, not just in Sport Wales but the sector more widely. I am proud of the way that my staff conducted themselves during this period, who demonstrated, once again, their professionalism and dedication to Sport Wales and the sector.

Uniting a Proud Sporting Nation

In the coming year Sport Wales will need to continue to identify savings from across the organisation in order to ensure that the maximum investment can be made available to the development of sport and physical recreation in Wales. I recognise the need to work across the public sector, particularly with Public Health Wales and Natural Resources Wales, to identify a suite of measures that can demonstrate Sport Wales' role in getting the nation more physically active and meeting the Chief Medical Officers guidelines for physical activity.

I will be continuing to work with partners at sustaining and growing levels of activity and also have appropriate conversations with those partners that could deliver opportunities that would encourage more people to build on the activity that they are taking. I am looking for the organisation to target these 'infrequent participants' in order to make our contribution to the wider physical activity agenda.

Sport Wales will have new data during the year on adult participation in sport, as part of the new unified survey that will allow greater cross reference to other health behaviours and inform the organisations overall approach. Alongside this I am committed to continue to develop our understanding of the impact of Sport Wales' work and investment within the broader duties of the Well-Being of Future Generations (Wales) Act.

Sport Wales will work closely with the Commonwealth Games Council for Wales to ensure that Team Wales has the best possible opportunity to deliver a successful team in the Gold Coast in April 2018. As highlighted earlier this will be complemented by Sport Wales' 'more than medals' approach, which focusses not only on medal success but in working with a range of partners to build sustained success through effective performance systems within sports.

I am looking forward to working with staff and all our partners in positively responding to the findings of the Ministers' independent review of the organisation. Following the publication of the report I am committed to reflecting on the findings and developing a new long term strategy for Sport Wales in collaboration with our sector, which also creates a clear link to any Welsh Government 'Healthy and Active' strategy. I firmly believe that the resilience the organisation has demonstrated in the latter half of this financial year will stand us in good stead in developing our long term strategy and continuing to deliver on a range of outcomes for Welsh Government, the sport sector and ultimately the people of Wales.

The key issues and risks that could affect the entity in delivering its objectives are detailed within the Risk Management section of the Annual Governance Statement on page 20. The Directors continue to adopt the going concern basis in preparing the financial statements which assumes that Sport Wales will continue in operation for the foreseeable future.

PERFORMANCE ANALYSIS

As a producer of Official Statistics, Sport Wales provides vital outcome data that is robust and precise to inform sport and physical activity policy and practice, and shape decisions at both a national and local level. The organisation currently collect this data through two large-scale biennial population surveys^{1 2}.

The main sport-related performance measures are:

- **The percentage of people in Wales who are 'hooked on sport'** – participating in sport on three or more occasions a week. This is our main outcome measure.
- **The percentage of people who are a member of a sports club.** Given the investment that Sport Wales makes into National Governing Bodies of Sport, it is important to measure the membership of formal, structured club-based opportunities.
- **The percentage of people who volunteer in sport (15+ years).** The workforce are key to inspiring, motivating, and supporting people to participate in sport. It is important that Sport Wales monitors the levels of volunteering to ensure that sports participation is sustainable.

Sport Wales' most recent performance can be found in Table 1. There have been positive trends in people's participation in sport in recent years. In terms of young people, there have been significant increases in the numbers of people who are 'hooked on sport'; up from just 27% in 2011 to 40% in 2013, and now 48%. This growth is as a result of ten years of planned and systematic investment into youth sport. The increases in the numbers of people who are 'hooked on sport' are complemented by the increase in sports club membership.

There has also been positive increases and sustainability in participation among adults at a time when other parts of the UK have been unable to sustain participation. Although there has been a very slight (statistically insignificant) decrease in the numbers of volunteers, the average number of hours that people have volunteered has increased. So the overall contribution of volunteers has increased.

Table 1: Key Performance Indicators – Sport

| Children and Young People (7-16 years) | | | Adults (15+ years) | | | |
|---|------------------------------|------------------------|-------------------------------|-----------------|------------------------|-----------------------|
| | Hooked on Sport ³ | Sports Club Membership | | Hooked on Sport | Sports Club Membership | Volunteering in Sport |
| 2011 | 27% | 46% | 2008 | 29% | 16% | 5% |
| 2013 | 40% | 53% | 2012 | 39% | 27% | 10% |
| 2015 | 48% | 57% | 2014 | 41% | 27% | 9% |

Sport Wales has an aspirational target of 75% of young people and young adults (up to 34 years of age) to be *hooked on sport* by 2026. This equates to an additional 250,000 people being *hooked on sport*.

¹ Sport Wales has collaborated with Welsh Government and other public sector bodies to develop a new National Household Survey for Wales. The fieldwork commenced in April 2016 and will run for 5 years. Reporting will be on an annual basis.

² Sport Wales is unable to provide outcome data for 2010. The data collectors breached the contract meaning that the data was unusable.

³ *Hooked on Sport* is defined as participating in sport on 3 or more occasions a week.

Whilst regular participation, three or more times per week, is Sport Wales' key performance indicator, data relating to those participating below this level is also important to note. The data outlined in Table 2 demonstrates that alongside an increase in regular participation we have seen a drop in those who are responding saying that they are undertaking no activity. As important as increasing regular activity is, as this suggests more of a lifelong habit, I recognise the importance of working across the public, private and third sectors in order to tackle inactivity as a whole.

Table 2: Frequency of Sporting Activity

| | Children and Young People (7-16 years) | | Adults (15+ years) | |
|--|---|-------------|---------------------------|-------------|
| | 2013 | 2015 | 2012 | 2014 |
| No activity | 36% | 29% | 40% | 38% |
| Average of once a week | 10% | 10% | 12% | 12% |
| Average of twice a week | 14% | 13% | 9% | 9% |
| Average of three or more times a week (Hooked on Sport) | 40% | 48% | 39% | 41% |

Where there has been notable success is in the younger age groups, with a trend of sustained increases in levels of regular participation. This reflects Sport Wales' strategic focus over recent years of investing in opportunities for children and young people to become active through sport and focussing this around schools. Between 2013 and 2015, there has been a seven percentage point decrease in the number of people who are not active, and the eight percentage point increase in those who are *hooked on sport* suggests a general positive shift in the frequency of children and young people taking part in sport.

Children and young people as a cohort have become more active. Changing behaviour in adults is more difficult. Whilst there has been sustainability in participation among adults, in order for more people to be active more often, we need to harness the insight available and employ different strategies to engage a broader range of the population.

Over the past four years Sport Wales has undertaken and commissioned a wide range of research in order to advance our own and the sector's understanding of the sport and physical recreation landscape in Wales.

This research has involved:

- Over 8,000 survey responses from adults and 116,000 survey responses from young people on their sporting behaviours, preferences & experiences
- Interviews and focus groups with 97 adults and young people from BME communities across Wales, plus intensive qualitative research with 14-21 year olds exploring the factors surrounding their participation and non-participation
- Survey responses from 88 athletes, coaches and performance directors on the services and support provided by Sport Wales Institute and their governing bodies

The breadth and depth of data gleaned from this research is significant, and collectively it has provided a wealth of insight and intelligence. Yet within this intricate mass of data certain themes, patterns and corollaries consistently emerge. These themes fall into five inter-related areas which taken together explain why engagement in sport continues to vary so significantly across our population. Out of this analysis and in response to our Remit Letter, Sport Wales' Insight Team have developed a tool, the *Elements of Engagement*, which helps with understanding of how to increase or sustain engagement in sport and physical recreation in Wales, and thereby creating an active, healthy, and vibrant Wales.

There are five elements that have people at the heart of engagement:

1. **Motivation:** an inner desire or drive. 'The energy for action'
2. **Confidence:** a belief in one's ability to take to attain a high level of performance or to achieve desired goals, and a sense of certainty that doing so will be worthwhile
3. **Awareness:** knowing when, where and how to take advantage of relevant opportunities
4. **Opportunity and Resources:** opportunities are available and easily accessed
5. **The Experience:** the experience is worthwhile. It reinforces one's motivation & confidence and increases the likelihood of continued engagement

The *Elements of Engagement* is a frame through which the organisation is understanding and developing insight, and in an applied way, developing a suite of resources to help increase or sustain engagement in sport and physical recreation.

I am continually looking to improve how we measure our performance and impact. To this end as part of the proposed new delivery model for community sport and physical activity, a suite of additional key performance indicators have been proposed, which are currently subject to Welsh Government sign-off.

Sport Wales is also an active member of the Physical Activity Measurement and Research Group which is led by Public Health Wales and also includes colleagues from Cardiff University, University of South Wales, Swansea University, Cardiff Metropolitan University, Aneurin Bevan Health Board, Natural Resources Wales, and Welsh Government. The purpose of this Group is to provide an opportunity to scrutinise the quality and relevance of data being collected across Wales in relation to physical activity. As part of this, the Group has been reviewing what measures are collectively needed to be able to feed into the current physical activity indicators, and therefore measure the Chief Medical Officers' Guidelines on Physical Activity. For Sport Wales, this would mean developing our understanding around duration and intensity of sporting activity. It is possible to make inferences that sporting activity will be of at least moderate intensity and at least 30 minutes in duration. However, I am looking to ensure the organisation explore both data that measures *hooked on sport* with levels of physical activity to test these assumptions.

Whilst Sport Wales understands its impact on the overall physical activity levels of the nation, a significant project has been developed, and which will progress into 2017/18, that focuses on the wider impact of the organisations work on the people of Wales. This uses the Well-being of Future Generations (Wales) Act 2015 and our well-being objectives as the frame for this work.

Well-being of Future Generations (Wales) Act 2015

The Act provides for better decision-making by ensuring that those public bodies take account of the long-term, help to prevent problems occurring or getting worse, take an integrated and collaborative approach, and considers and involves people of all ages. This supports existing commitments such as the Welsh language, equalities and the UN Convention on the Rights of the Child.

Through this, Sport Wales has a duty to carry out sustainable development. Sustainable development is defined as a process of improving the economic, social, environmental and cultural well-being of Wales. Together, the seven well-being goals and five ways of working provided by the Act, are designed to support and deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs.

This is a significant change in how the public sector thinks and acts. I acknowledge that Sport Wales is on a journey and have taken measures to help with this. Over the course of 2016/17, Sport Wales' work in this area has been multi-faceted, and has included:

1. Identifying which of the well-being goals our objectives in the 2016/17 Business Plan impact upon
2. Developing a suite of well-being objectives, which will, at a very high-level, be the basis through which Sport Wales' impact will be measured in the future
3. Awareness and engagement work; this will be progressed during 2017/18 and will tie into staff competencies, performance and appraisals
4. The development of an impact assessment process and supporting documentation that enables us to fulfil our duties under both the Equality Act (2010) and the Well-being of Future Generations (Wales) 2015 Act. Staff are being supported in the application of this through both formal and informal training
5. Ensuring that in procurement documentation for the proposed new delivery model for community sport and physical activity, the organisation has outlined the need for our delivery partners to improve the economic, social, environmental and cultural well-being of Wales
6. Being proactive by requesting and completing an advisory internal audit on our readiness to meet the requirements of the Act
7. Asking and being selected to be a pilot case study for how the Wales Audit Office will approach their auditing work in relation to the Act
8. Learning and sharing information and practice with other public bodies and organisations. This allows for connection on common issues and continual improvement
9. Commissioning a piece of work to understand the social return on investment and economic value of sport in Wales
10. Developing a project that enables us to understand, optimise and measure the impact that Sport Wales' work has on the people of Wales. The medium-term impact of this work will be that staff will see how their work fits into the bigger picture, where the gaps are, and to think in a more focused way. This will help the organisation to think and act collectively to optimise impact.

FINANCIAL RESULTS FOR THE YEAR

The total comprehensive expenditure for Sport Wales after taxation for the year ending 31 March 2017 totalled £22,986,000 (2015/16 £24,797,000). The net movement on the general fund for the year (page 37), after the funding received from the Welsh Government, was an over spend of £331,000 (2015/16 over spend of £353,000). The £331,000 decrease was arrived at after charging £532,000 depreciation (2015/16 £534,000) and was largely in line with expectation.

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

SUSTAINABILTY

Sport Wales actively pursues policies and initiatives that seek to reduce the impact its operations have on the environment. The Corporate Environmental Strategy is fully in place since previously being 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 2013/14 as a baseline, to be measured on a rolling three year basis.

Throughout 2016/17 Sport Wales has attempted to reduce its travel costs by encouraging staff to use video conferencing, Skype and Sharepoint. This has led to a significant reduction in the cost, mileage and CO2 emissions of travel compared to 2015/16.

Sport Wales also continues to offer a Cycle Scheme to employees, in order to reduce car usage. Employees may claim a mileage allowance for all business journeys made by bicycle.

Sport Wales remains committed to implementing technological solutions to help reduce emissions and waste where possible, such as dual screens to review documents rather than printing them hence reducing paper and printing costs.

Although Sport Wales National Centre slightly increased its Energy Performance Operational Rating during the year due to increased usage and colder weather the centre remains well below the typical rating for the type of building.

Throughout the year, the programme of introducing energy efficient measures continued. LEDs were installed in the Jubilee Hall, Bute Suite, side reception and a number of office and circulation areas together with energy efficient lighting to the Tennis courts. Four more bedrooms were refurbished to use the swipe key card system to control electrical fittings.

The centre continues to operate in accordance with the Waste Hierarchy guidance and has achieved Level 2 Green Dragon Environmental Management Standard Award.

The increase in waste collection compared to 2015/16 was due to the removal of diseased trees where the wood was recycled. In total, 82.07% of all waste at the centre is recycled.

There was a slight increase in water usage compared to 2016/17 due to the failure of the ground water borehole pump in June 2016. This meant that the mains water supply was used to water pitches until the pump was replaced.

Plas Menai is continuing to use the environmental system and over the coming year we will be using the data it provides to make targeted changes to reduce energy usage.

Over the last two years the centre has refurbished all its main customer accommodation and installed energy saving low wattage LED lighting that is operated by sensors, improved insulation in the accommodation areas and replaced old single glazed units with new double glazed windows.

Work on refurbishing the onsite resident houses will be completed by March 2018. The refurbishment of the houses will include the replacement of lighting with new sensor operated low wattage LED units and will also involve the installation of new energy efficient boilers.

Gas oil and water usage has increased slightly throughout the year due to increased use of the pool facilities.

The centre has been working with Bangor University Sailing Club and we are entered in the University Sustainability Challenge an initiative supported by the RYA Green Blue scheme and the British Marine Federation.

Over the next 12 months the installation of bowsers to capture rain fall for rinsing boats and equipment will be expanded and more recycling bins will be installed, reducing costs and increasing our recycling. It is also the centre's long term aim to install a solar array that will help reduce electricity usage and costs – funding for this project is being researched.

The centre has withdrawn from the Green Dragon initiative, but will continue to maintain the principles of the scheme, maintain our environmental policy and deliver against our environmental action plan.

ENVIRONMENTAL SUSTAINABILITY

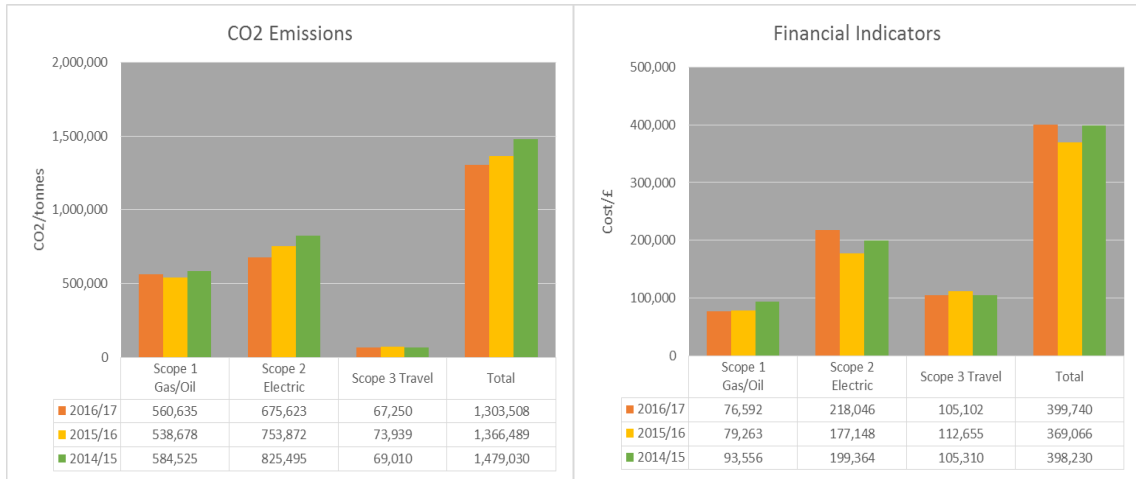
The following tables includes all Sport Wales offices data and associated cost

| Waste | | 2016/17 | 2015/16 | 2014/15 |
|----------------------|----------|----------------|----------------|----------------|
| Non-financial | Total KG | 158,580 | 68,390 | 86,726 |

| Greenhouse | | 2016/17 | 2015/16 | 2014/15 |
|---------------------------------|-----------------------------|----------------|----------------|----------------|
| Co2 | Total gross emissions (Co2) | 1,236,258 | 1,292,550 | 1,410,020 |
| | Total net emissions (Co2) | 1,236,258 | 1,292,550 | 1,410,020 |
| | Gross emission, scope 1 | 560,635 | 538,678 | 584,525 |
| | Gross emissions, scope 2 | 675,623 | 753,872 | 825,495 |
| Energy kWh | Electricity (non-renewable) | 1,639,661 | 1,631,087 | 1,670,163 |
| | Electricity (renewable) | 0 | 0 | 0 |
| | Gas | 1,206,082 | 1,149,833 | 1,160,585 |
| | Gas Oil | 1,225,689 | 1,205,087 | 1,359,122 |
| Financial Indicators (£) | Expenditure – energy | 294,640 | 256,410 | 292,920 |

| Finite Resource | Water | 2016/17 | 2015/16 | 2014/15 |
|--------------------------------------|--------------------|----------------|----------------|----------------|
| Non-financial (M³) | Supplied | 13,278 | 12,266 | 13,383 |
| | Abstracted | 2,075 | 2,514 | 2,251 |
| Financial indicators (£) | Water supply costs | 28,683 | 23,223 | 33,300 |

| Travel | | 2016/17 | 2015/16 | 2014/15 |
|---------------|--------------------|----------------|----------------|----------------|
| Co2 | Rail | 6,736 | 7,910 | 8,189 |
| | Air | 18,041 | 25,006 | 18,029 |
| | Ferry | 0 | 0 | 0 |
| | Car (Taxi/Bus etc) | 422 | 277 | 536 |
| | Own Car Usage | 41,986 | 40,746 | 42,256 |
| | Total | 67,185 | 71,950 | 69,010 |
| Cost | Rail | 30,314 | 36,197 | 28,461 |
| | Air | 9,227 | 11,168 | 9,537 |
| | Ferry | 0 | 0 | 0 |
| | Car (Taxi/Bus etc) | 2,278 | 2,076 | 3,155 |
| | Own Car Usage | 63,281 | 63,214 | 64,158 |
| | Total | 105,100 | 109,685 | 105,311 |
| Miles | Rail | 86,180 | 109,725 | 108,025 |
| | Air | 52,668 | 70,991 | 41,338 |
| | Ferry | 0 | 0 | 0 |
| | Car (Taxi/Bus etc) | 1,562 | 1,063 | 2,483 |
| | Own Car Usage | 139,479 | 139,064 | 142,573 |
| | Total | 279,889 | 314,244 | 294,419 |



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' 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
10 July 2017

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTORS REPORT

BOARD

During 2016/17, Sport Wales comprised the following board members;

| | |
|-----------------------|--|
| Dr Paul Thomas** | (Chair Appointed 01.04.2016, terminated 29.03.2017) |
| Mrs Adele Baumgardt** | (Vice Chair Appointed 01.09.2012, terminated 29.03.2017) |
| Mr Lawrence Conway | (Interim Chair from 14.02.2017, Chair from 29.03.17) |
| Prof. John Baylis * | (Reappointed 01.04.2014) |
| Mr Simon Pirotte | (Reappointed 01.04.2014) |
| Ms Julia Longville | (Reappointed 01.09.2015) |
| Ms Johanna Sheppard* | (Reappointed 01.09.2015) |
| Mr Peter King | (Reappointed 01.09.2015) |
| Amanda Bennett* | (Appointed 01.09.2014) |
| Andrew Lycett*/** | (Appointed 01.09.2014) |
| Richard Parks | (Appointed 01.09.2014) |
| Samar Wafa | (Appointed 01.09.2014) |

Chief Executive Ms S Powell

* Member of the Audit & Risk committee

** Member of the Remuneration committee

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 2016/17. Information provided that requires disclosure in accordance with International Accounting Standard 24 is disclosed in Note 19 of these accounts.

PERSONAL DATA RELATED INCIDENTS

Sport Wales has controls and policies in place to ensure data integrity. Information Technology 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 20.

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 latter.

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 2017 Sport Wales paid 100% (2015/16 98%) 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 2016/17 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.

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' 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' assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury.

ACCOUNTING OFFICER: S Powell
10 July 2017

ANNUAL GOVERNANCE STATEMENT 2016/2017

Introduction

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 Corporate Governance in Central Government Departments: code of good practice 2011 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 professions and members with expertise and experience relevant to both community and elite sport.

Following a unanimous vote of no confidence by the Board in the previous Chair on 23rd November 2016 the Welsh Government suspended the activities of the Board. Following an Assurance review undertaken by Welsh Government, the Board activities were re-instated on 14th February 2017. The Chair and Vice Chair were suspended pending further investigation. Lawrence Conway was appointed as interim chair, with John Taylor, the former chief executive of ACAS, to work with him, in a consultative capacity, in order to ensure the Board can operate as a coherent functioning body.

Resulting from the further investigations, the Minister announced on 29th March 2017 that the Chair and Vice Chair's appointments were terminated with notice.

Sport Wales is committed to equality and the diversity of its Board, which now comprises 45.5% female representation and 18.2% BME.

Attendances for both the Board and the Audit & Risk Committee are shown in the table below. Due to the activities of the Board being suspended for a period during the year, there were only three Audit and Risk committee meetings rather than the usual four.

| Board Member | Board Meeting (Number of meetings attended of 5) | Audit & Risk Committee (Number of meetings attended of 3) |
|---|--|---|
| Dr Paul Thomas (Chair) * | 3 / 5 | Not Applicable |
| Adele Baumgardt (Vice Chair) * | 4 / 5 | Not Applicable |
| Lawrence Conway (Interim Chair) | 1 / 1 | Not Applicable |
| Amanda Bennett | 5 / 5 | 3 / 3 |
| John Baylis** | 5 / 5 | 1 / 1 |
| Peter King | 3 / 5 | Not Applicable |
| Simon Pirotte | 5 / 5 | Not Applicable |
| Julia Longville | 4 / 5 | Not Applicable |
| Andrew Lycett | 5 / 5 | 3 / 3 |
| Johanna Sheppard | 5 / 5 | 2 / 3 |
| Richard Parks | 4 / 5 | Not Applicable |
| Samar Wafa | 4 / 5 | Not Applicable |
| (Independent members – Audit Committee only) | | |
| Sandy Blair | Not Applicable | 3 / 3 |
| Gareth Jones | Not Applicable | 3 / 3 |
| Louise Casella | Not Applicable | 0 / 3 |
| Overall Percentage Attendance rate | 89% | 79% |

*Members suspended for the March 2017 meeting

**Only available for one committee meeting as resigned from Audit & Risk Committee

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 & Risk Committee and the Remuneration Committee
- Three Sub Groups and two advisory groups approved by the Board (listed below)
- The Executive Management Team and staff structure

Whistleblowing Policy

Sport Wales has an established and Board approved Whistle-Blowing Policy which is detailed in the Staff Handbook. During 2016/17 Sport Wales was not aware of any reported incidents. We believe that the policy is effective and staff have full access to it, if required. The policy is reviewed periodically with the Staff Handbook.

Audit and Risk Committee

The Board has established an Audit and Risk 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 Board and Accounting Officer are supported in decision making and in discharging their accountability obligations (particularly in respect of Financial Reporting).
- Risks identified are assigned to Corporate Directors and mitigating actions are detailed in the risk register.

During 2016/17, the Director of Corporate Services introduced a quarterly internal assurance statement for all Directors to complete. This process now forms part of the overall assurance framework.

The Audit & Risk Committee consists of up to seven members, three of which could be independent, with a minimum of one external member required. The Committee met three 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 was 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;
- compliance with the Framework Document issued by the Welsh Government as well as compliance with the Lottery Statement of Financial Requirement;
- the Governance Framework document;
- regulatory compliance;
- review of grant funding;
- review of Board member expenses;
- update of the progress of the new online grants system;
- the Gifts and Hospitality Register;
- Establishing the year's internal audit plan;
- A joint training session with the Audit Committee of the Arts Council of Wales

The Board received the minutes of the Audit & Risk 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 2016/17 no information risk issues or significant control weaknesses were identified and the Audit and Risk Committee was satisfied that the level of risk was acceptable and managed in an appropriate manner.

Remuneration Committee

The Remuneration Committee meet to review and agree the annual pay award for all staff via the Welsh Government's pay remit process. Further details can be found within the Remuneration and Staff Report on page 26.

Sub and 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.

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. Formal monthly meetings are held which follow an agenda and minutes are taken to ensure we record decisions at a corporate level. Progress against the Business Plan is reported and monitored on a quarterly basis.

Board and Committee Effectiveness

The Board is content with the quality and amount of information received in order for it to make considered decisions.

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 2017 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 Sport Wales has an effective risk management process. This is overseen by the Board, through the Audit & Risk Committee. As an organisation, the key risks are monitored through appropriate use of the Risk Register. There is a documented Risk Strategy & 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 are the responsibility of the relevant heads of department while day to day risk management may be delegated to the staff they manage.

New risks are identified by officers of Sport Wales, Audit & Risk Committee scrutiny or the Board itself. When a new risk has been identified, it is inserted into the appropriate 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 identified risks are 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 & Risk 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 Corporate Risk Register is reviewed at regular intervals by Senior Management, the Risk Management Group and the Audit & Risk Committee. In addition managers present by rotation to the Risk Management Group 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.

Procurement

Sport Wales received two reviews of the procurement activities during 2016/17. The internal auditors, Deloitte, undertook a review on the procurement of consultants, which were reported to the March 2017 Audit & Risk Committee. Wales Audit Office also undertook a separate audit as part of their year-end work. Both reviews identified a number of recommendations for improvement, which have since been implemented and the financial procedures have been updated to reflect the findings/recommendations. The updated financial procedures have also been circulated to all staff.

Key Risks

Risks to key strategic and operational activities are identified, evaluated and considered by the Directors Group, and action taken to mitigate them. Risks and the actions to manage risks are reviewed at regular intervals. The internal audit programme is 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 & Risk Committee will review these recommendations and action appropriately.

Due to the suspension of the Board activities the December Audit and Risk committee did not meet. A compliance and governance statement was issued from the CEO to Audit & Risk committee at the March 2017 meeting to give assurance. During this period, the Chief Executive Officer reported to Welsh Government's Deputy Permanent Secretary and there was no disruption to operational activities.

Looking ahead, there are a number of key risks which have been identified at Sport Wales and included in the Corporate Risk Register.

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.

Other key risks identified on the corporate Risk Register include those relating to the delivery of our community, elite and corporate services' strategies and objectives. Also, the introduction of Welsh Government's Well-Being of Future Generations Act from 1st April 2016 is meaning a new area of compliance for Sport Wales. We have produced a suite of Well-being objectives that have been approved by the Board following a period of internal and external consultation. They have been submitted to the Commissioner and are on our website.

Sport Wales has an overall informed and measured appetite for taking risk to achieve its priorities. Risk appetite is owned by the Board. 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, for the second consecutive year, given Sport Wales an overall "substantial assurance" rating for the year. It also gave this highest rating category for Sport Wales' corporate governance and risk management arrangements. During the year, internal audit reports identified opportunities to enhance the control systems. It is encouraging to note that arising out of the internal audit work, there was only one finding classified as being of "high" risk. In total, 26 recommendations were made, of which one was classified as high priority. 13 (50%) were classed as 'medium' priority and 12 (46%) were 'low' priority. In terms of follow-up action, 19 out of 21 previous recommendations made (90%) had either been fully or partially-implemented. The remaining 2 previous recommendations are in progress.

Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Sport Wales' policies, aims, and objectives. I also have personal responsibility for safeguarding the proceeds from the National Lottery distributed to Sport Wales and Sport Wales' 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 & Risk Committee. It is informed by the work of both the internal and external auditors and the staff presentations to the Risk Management Group 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 2016/17 was provided by Deloitte LLP, who operated to standards defined in the Public Sector Internal Audit Standards. Internal audit submit regular reports which provide an independent annual opinion on the adequacy and effectiveness of Sport Wales' systems of internal control and risk management, together with recommendations for improvement.

Every year the Audit & Risk 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.

Sport Wales has continued to review the control system in operation over the National Governing Bodies generally and during 2016/17 additional steps have been implemented to further strengthen the controls in place to manage the risk inherent in investing public funding into third party organisations. We will keep this under constant review in 2017/18.

During 2016/17, Sport Wales strengthened its planning and budgeting process by better aligning the two, and ensuring resources are better allocated to strategic priorities. This process has involved the Leadership Team of Sport Wales, comprising Directors and Heads of Department. Thus greater ownership of budgets and resources has resulted.

Sport Wales is committed to an engaged workforce. Our achievement of gold standard in 'Investors in People' is testament to this. We will continue to evolve as an organisation, and ensure we have a fit-for-purpose workforce as we face the inevitable challenges that operating in a time of reduced resources bring.

We welcome the introduction of Welsh Governments Well-Being of Future Generations Act, which took effect from 1st April 2016. This will introduce new challenges to Sport Wales, and the Auditor General for Wales will have specific additional responsibilities arising from the introduction of the Act. We have chosen to be 'early adopters' of the scheme and are working closely with the Wales Audit Office on this.

Our Audit & Risk Committee undertook a comprehensive assessment of its effectiveness during 2016/17. This review has led to a number of developments, including the creation of performance measures for both internal and external audit, a skills matrix for the Committee and the development of an assurance framework. Some of this work will be ongoing into 2017/18.

At the time of compiling the accounts, an independent panel is conducting a review of Sport Wales which will report directly to the Minister. The report is due to be published in early July 2017.

ACCOUNTING OFFICER: S Powell

Date: 10 July 2017

REMUNERATION AND STAFF REPORT

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 Public and Commercial Services (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 commitment as a learning organisation. During 2015/16, Sport Wales achieved the Gold standard in "Investors in People". The standard explores practices and outcomes within an organisation under three performance headings: leading, supporting and improving. These three areas explore culture, leadership skills, engagement and staff development which all contribute towards Sport Wales being a high performing organisation.

SICKNESS ABSENCE DATA

The sickness data for employees of the whole organisation for 2016/17 (2015/2016) is as follows:

| Total Days Lost | Total Number of Employees (FTE) | Total Sick Days Lost Per Person |
|------------------------|--|--|
| 909 (1,524) | 148.53 (147.40) | 6.12 (10.33) |

The absence rate for 2016/17 of 2.59% is comparable with ONS (Office for National Statistics) published rates for the public sector of 2.9%, (2.4% central Government and 2.7% Local Government) and is akin to usual absence rates within Sport Wales.

Sport Wales is actively supporting individuals who have long-term sickness absence through management intervention, increased use of occupational health provision and a focus on physical and mental health awareness in line with the organisations Corporate Health Standard Bronze award status.

Managers will receive continued support through 2017/18 to maintain a focus on effective absence management.

PENSION SCHEME

Sport Wales operates two pension schemes for its staff. Most staff are members of the Cardiff and Vale of Glamorgan Pension Fund. The Fund is a defined benefit scheme based on Career Average Re-Valued Earnings (CARE). The Fund's 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. Pension built up from 1 April 2014 is calculated at the rate of 1/49th with 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 or 2.75% to 5.25% if the employee opts for the 50/50 pension scheme. Further details can be found in note 1.6 and note 17 to the financial statements. In addition, Sport Wales operates a Defined Contribution pension scheme, with Scottish Widows, in which Sport Wales contributes 6.5%, with employees contributing 1.5%.

Remuneration Policy

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.

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 WSGBs and NHS Bodies" policy.

The Remuneration Committee which consists of Sport Wales' Chair, Vice Chair and Chair of the Audit & Risk Committee supported by Sport Wales' Head of Organisational Development meets to agree the 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. All changes of pay for the CEO are approved by the Remuneration Committee.

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 months' notice of termination of contract by Sport Wales and the remaining senior staff are entitled to three months' 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 received a gross salary of £94,500 (2015/16 £92,500). No members of staff are eligible for a bonus payment.

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

Benefits in Kind

There are no benefits in kind

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interest of the senior managers of Sport Wales. Details on start/leave dates can be found in the Pension Benefits table on page 30. This information is audited.

Remuneration (subject to audit)

| <u>Name</u> | <u>Title</u> | <u>% Apportioned to Lottery</u> | <u>Salary £000</u> | <u>Pension Benefit £</u> | <u>Total £000</u> |
|------------------------|---------------------------------------|---|-------------------------------------|-------------------------------------|-------------------------------------|
| | | <u>2016/17 (2015/16)</u> | <u>2016/17 (2015/16)</u> | <u>2016/17 (2015/16)</u> | <u>2016/17 (2015/16)</u> |
| Dr Paul Thomas* | Chair | 50% - | 40 - 45 - | - - | 40 - 45 - |
| Prof. Laura McAllister | Chair | - (50%) | - (35 - 40) | - - | - (35 - 40) |
| Mrs Adele Baumgardt* | Vice Chair | 50% (50%) | 15 - 20 (10 - 15) | - - | 15 - 20 (10 - 15) |
| Ms Sarah Powell | Chief Executive | 25% (25%) | 90 - 95 (90 - 95) | 27,904 (40,942) | 120 - 125 (130 - 135) |
| Mr Graham Williams | Corporate Director | 25% (25%) | 55 - 60 (50 - 55) | 28,828 (25,065) | 85 - 90 (75 - 80) |
| Mr Brian Davies | Corporate Director | 80% (100%) | 55 - 60 (50 - 55) | 24,822 (26,269) | 80 - 85 (80 - 85) |
| Ms Helen Bushell | Corporate Director | - (25%) | - (20 - 25) | - - | - (20 - 25) |
| Mr Jonathan Davies** | Corporate Director | 50% (50%) | 55 - 60 (55 - 60) | 18,027 (17,696) | 75 - 80 (70 - 75) |
| Mr Peter Curran | Corporate Director | 25% (25%) | 60 - 65 (55 - 60) | 19,586 (25,280) | 80 - 85 (85 - 90) |
| Mr Malcolm Zaple | Manager Sport Wales National Centre | 0% (0%) | 60 - 65 (55 - 60) | 33,095 (9,963) | 90 - 95 (65 - 70) |
| Mr Steven Morgan | Manager Plas Menai Watersports Centre | 0% (0%) | 50 - 55 (35 - 40) | 15,907 (12,603) | 65 - 70 (50 - 55) |
| Prof. John Baylis | 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) |
| Ms Johanna Sheppard | Council Member | 50% (50%) | 5 - 10 (5 - 10) | - - | 5 - 10 (5 - 10) |
| Ms Julia Longville | Council Member | 50% (50%) | 5 - 10 (5 - 10) | - - | 5 - 10 (5 - 10) |
| Mr Peter King | Council Member | 50% (50%) | 5 - 10 (5 - 10) | - - | 5 - 10 (5 - 10) |
| Ms Amanda Bennett | Council Member | 50% (50%) | 5 - 10 (5 - 10) | - - | 5 - 10 (5 - 10) |
| Ms Sophie Howe | Council Member | - (50%) | - (0 - 5) | - - | - (0 - 5) |
| Ms Samar Wafa | Council Member | 50% (50%) | 5 - 10 (5 - 10) | - - | 5 - 10 (5 - 10) |
| Mr Andrew Lycett | Council Member | 50% (50%) | 5 - 10 (5 - 10) | - - | 5 - 10 (5 - 10) |
| Mr Richard Parks | Council Member | 50% (50%) | 5 - 10 (5 - 10) | - - | 5 - 10 (5 - 10) |

*includes payment of notice provision (see note 18 for further details). Lawrence Conway elected not to take a salary during 2016/17 whilst in the role of interim Chair and Chair.

**From 1st July 2015, Jonathan Davies has been on secondment to Public Health Wales (PHW) and returned on 1st February 2017, during which Sport Wales was reimbursed for two thirds of his salary and on costs by PHW and Welsh Government. The Corporate Director role had been covered since Sept 2015 to Dec 2016 by Andrew Weeks who was on secondment from BBC, and a contribution of £50,355 towards salary and on costs was paid during 2016/17.

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:

$(\text{real increase in pension} * \times 20) + (\text{real increase in lump sum} *) - (\text{contributions made by employee})$

*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.

Pension Benefits of Senior Managers (subject to audit)

| Name | Real increase in Pension (and lump sum) at age 65 for 2016/17 | Total accrued Pension (and lump sum) at age 65 at 31 March 2017 | CETV at 31 March 2017 | CETV at 31 March 2016 | Real Increase/ (Decrease) CETV in Year |
|--|--|--|------------------------------|------------------------------|---|
| | £000 | £000 | £000 | £000 | £000 |
| Ms Sarah Powell Chief Executive | 0 - 2.5 (0 - 2.5) | 25 - 30 (35 - 40) | 347 | 300 | 38 |
| Mr Peter Curran <i>Corporate Director</i> | 0.0 - 2.5 (0.0 - 2.5) | 0 - 5 (0 - 5) | 33 | 17 | 10 |
| Mr Steven Morgan <i>Manager Plas Menai Watersports Centre</i> | 0.0 - 2.5 (0.0 - 2.5) | 0 - 5 (0 - 5) | 20 | 8 | 7 |
| Mr Malcolm Zaple <i>Manager Sport Wales National Centre</i> | 0.0 - 2.5 (0.0 - 2.5) | 25 - 30 (45 - 50) | 470 | 418 | 47 |
| Mr Brian Davies Corporate Director | 0.0 - 2.5 (0.0 - 2.5) | 10 - 15 (0 - 5) | 140 | 115 | 20 |
| Mr Jonathan Davies Corporate Director | 0.0 - 2.5 (0.0 - 2.5) | 0 - 5 (0 - 5) | 36 | 23 | 8 |
| Mr Graham Williams Corporate Director | 0.0 - 2.5 (0.0 - 2.5) | 20 - 25 (30 - 35) | 303 | 264 | 34 |

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' 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.

Staff Costs

The average number of permanent employees during the year on a whole time equivalent basis was made up as follows:

| | <u>2016/2017</u> No | <u>2015/2016</u> No |
|-------|--------------------------------------|--------------------------------------|
| Total | 148.5 | 147.4 |

Staff composition of corporate directors are 80% male and 20% female. Of the remaining permanent employees 49.7% are male and 50.3% female.

Tax Policy for Off-Payroll Appointees

As at 31 March 2017, there were 3 arrangements that had existed for one year. Sport Wales are content that assurance has been sought to confirm that individuals have made appropriate arrangements to pay tax. Neither individual is a Board member or is a senior official with significant financial responsibility.

Compensation schemes – exit packages

| Exit package cost band | Number of redundancies | |
|-------------------------------|------------------------|---------|
| | 2016-17 | 2015-16 |
| < £10,000 | 0 | 0 |
| £10,000 - £25,000 | 0 | 0 |
| £25,000 - £50,000 | 2 | 0 |
| £50,000 - £100,000 | 1 | 1 |
| £100,000 - £150,000 | 0 | 1 |
| Total number of exit packages | 3 | 2 |
| Total resource cost (£) | 145,000 | 213,000 |

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme. 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.

Fair Pay Disclosures

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.

| | 2016 /17 | 2015/16 |
|---|----------|---------|
| Band of Highest Paid Director's Total Remuneration (£ '000) | 90 - 95 | 90 - 95 |
| Median Total Remuneration | 26,400 | 24,620 |
| Ratio | 3.5 | 3.8 |

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 a decrease in the median ratio of 0.3. The CEO total remuneration has remained within the same banding, but the median total remuneration has slightly increased.

ACCOUNTING OFFICER: S Powell
10 July 2017

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 2017 under paragraph 18(3) of Schedule 8 to the Government of Wales Act 2006. These comprise the Statement of Comprehensive Net Expenditure, Statements of Financial Position, Consolidated Statement of Changes in Taxpayers Equity, Consolidated Statement of Cashflow and 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 Accounting Officer and auditor

As explained more fully in the Statement of Council's and Chief Executive's Responsibilities, the Accounting Officer is responsible for preparing the financial statements, in accordance with the Royal Charter and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council'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 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 Performance and Accountability Reports to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and 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 affairs as at 31 March 2017 and of its net expenditure 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 in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Government of Wales Act 2006; and
- the information in the Performance and Accountability Reports 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 Governance Statement does not reflect compliance with Welsh Ministers' guidance;
- proper accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- information specified by Welsh Ministers 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
18 July 2017

24 Cathedral Road
Cardiff
CF11 9LJ

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE SPORTS COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST FOR THE YEAR ENDED 31 March 2017

| | | 2016/17 | 2015/16 |
|---|------|----------------|----------------|
| | Note | £'000 | £'000 |
| EXPENDITURE | | | |
| Grant Expenditure | 5 | 16,239 | 17,848 |
| Staff Costs | 6 | 5,414 | 5,513 |
| Other Expenditure | 7 | 3,440 | 3,794 |
| Depreciation: owned assets | 9 | 532 | 534 |
| | | <u>25,625</u> | <u>27,689</u> |
| INCOME | | | |
| Income from Activities | 3 | (2,685) | (2,703) |
| Other Income | 3 | (182) | (468) |
| | | <u>(2,867)</u> | <u>(3,171)</u> |
| Net Expenditure | | 22,758 | 24,518 |
| Pension Finance Cost | | 258 | 285 |
| (Surplus) on Disposal of Property, Plant & Equipment | 8 | (29) | (4) |
| Interest Receivable | | (1) | (2) |
| | | <u>228</u> | <u>279</u> |
| Net Expenditure after interest and before taxation | | 22,986 | 24,797 |
| Taxation Payable | | <u>-</u> | <u>-</u> |
| Net Expenditure after Taxation | | <u>22,986</u> | <u>24,797</u> |
| Other Comprehensive Expenditure | | | |
| Net gain on revaluation of Property, Plant & Equipment | | (149) | (304) |
| Actuarial loss / (gain) pension | | 2,075 | (1,324) |
| Total Comprehensive Net Expenditure for the year ended | | <u>24,912</u> | <u>23,169</u> |

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 £22,986,000 (2015/2016 £24,797,000).

The notes on pages 41 to 62 form part of these accounts

STATEMENT OF FINANCIAL POSITION OF THE SPORTS COUNCIL FOR WALES
AS AT 31 March 2017

| | Note | <u>At 31 March</u> <u>2017</u> <u>£'000</u> | <u>At 31 March</u> <u>2016</u> <u>£'000</u> |
|--|------|---|---|
| Non-current assets | | | |
| Property, Plant & Equipment | 9(a) | 468 | 305 |
| Total non-current assets | | 468 | 305 |
| Current assets | | | |
| Trade and other receivables | 10 | 1,574 | 2,291 |
| Cash and cash equivalents | | 373 | 862 |
| | | <u>1,947</u> | <u>3,153</u> |
| Total Assets | | <u>2,415</u> | <u>3,458</u> |
| Current liabilities | | | |
| Trade and other payables | 11 | (600) | (963) |
| Grant accruals | 12 | (19) | (17) |
| Provisions | 18 | (124) | (259) |
| Total current liabilities | | (743) | (1,239) |
| Non-current assets plus net current assets | | <u>1,672</u> | <u>2,219</u> |
| Non-current liabilities | | | |
| Trade and other payables due in more than one year | 11 | (146) | (62) |
| Pension Liabilities | 17 | (9,746) | (7,708) |
| Total non-current liabilities | | <u>(9,892)</u> | <u>(7,770)</u> |
| Assets less liabilities | | <u>(8,220)</u> | <u>(5,551)</u> |
| Taxpayers' equity | | | |
| General fund | | 1,526 | 2,157 |
| Pension reserve | | (9,746) | (7,708) |
| Revaluation reserve | | - | - |
| | | <u>(8,220)</u> | <u>(5,551)</u> |

The notes on pages 41 to 62 form part of these accounts

The financial statements were approved by the Board on 10th July 2017 and were signed on its behalf by;

ACCOUNTING OFFICER: S Powell (Chief Executive)
10 July 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE SPORTS COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST AS AT 31 March 2017

| | Note | <u>At 31 March</u> <u>2017</u> £'000 | <u>At 31 March</u> <u>2016</u> £'000 |
|--|------|--|--|
| Non-current assets | | | |
| Property, Plant & Equipment | 9(b) | 19,490 | 19,323 |
| Total non-current assets | | 19,490 | 19,323 |
| Current assets | | | |
| Trade and other receivables | 10 | 1,574 | 2,291 |
| Cash and cash equivalents | 14 | 377 | 866 |
| | | <u>1,951</u> | <u>3,157</u> |
| Total Assets | | <u>21,441</u> | <u>22,480</u> |
| Current liabilities | | | |
| Trade and other payables | 11 | (600) | (963) |
| Grant accruals | 12 | (19) | (17) |
| Provisions | 18 | (124) | (259) |
| Total current liabilities | | (743) | (1,239) |
| Non-current assets plus net current assets | | <u>20,698</u> | <u>21,241</u> |
| Non-current liabilities | | | |
| Trade and other payables due in more than one year | 11 | (146) | (62) |
| Pension Liabilities | 17 | (9,746) | (7,708) |
| Total non-current liabilities | | <u>(9,892)</u> | <u>(7,770)</u> |
| Assets less liabilities | | <u>10,806</u> | <u>13,471</u> |
| Taxpayers' equity | | | |
| General fund | | 12,844 | 13,185 |
| Pension reserve | | (9,746) | (7,708) |
| Revaluation reserve | | 7,708 | 7,994 |
| | | <u>10,806</u> | <u>13,471</u> |

The financial statements were approved by the Board on 10th July 2017 and were signed on its behalf by;

ACCOUNTING OFFICER: S Powell (Chief Executive)
10 July 2017

**CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE SPORTS COUNCIL FOR WALES
AND THE SPORTS COUNCIL FOR WALES TRUST FOR YEAR ENDED 31 March 2017**

Cash flow from operating activities

| | Note | <u>2016/17</u> | <u>2015/16</u> |
|---|------|-----------------|-----------------|
| | | £'000 | £'000 |
| <u>Cash flow from operating activities</u> | | | |
| Net deficit after interest | | (22,986) | (24,797) |
| (Surplus) on disposal of property, plant & equipment | 8 | (29) | (4) |
| Depreciation of property, plant & equipment | 9(b) | 532 | 534 |
| (Increase) /Decrease in trade and other receivables | 10 | 717 | (255) |
| Increase in trade payables | 11 | (279) | 324 |
| (Decrease)/Increase in grant accruals | 12 | 2 | (9) |
| Interest received | 13 | (1) | (2) |
| Pension costs | 17 | (39) | (339) |
| Increase in provision for redundancies | 18 | (135) | 192 |
| Net cash outflow from operating activities | | <u>(22,218)</u> | <u>(24,356)</u> |
| <u>Cash flows from investing activities</u> | | | |
| Purchase of property, plant & equipment | | (521) | (343) |
| Interest received | | 1 | 2 |
| Net cash outflow from investing activities | | <u>(520)</u> | <u>(341)</u> |
| <u>Cash flows from financing activities</u> | | | |
| Net cash used in financing activities | | (22,738) | (24,697) |
| Funding received from the Welsh Government | | 22,249 | 24,349 |
| Net increase in cash and cash equivalents | | <u>(489)</u> | <u>(348)</u> |
| <u>Net increase in cash and cash equivalents in the period</u> | | | |
| Cash and cash equivalents at the beginning of the period | | <u>866</u> | <u>1,214</u> |
| Cash and cash equivalents at the end of the period | | <u>377</u> | <u>866</u> |
| | | <u>(489)</u> | <u>(348)</u> |

The notes on pages 41 to 62 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 2017**

| | <u>Revaluation</u> | | <u>Pension</u> | |
|--|--------------------|---------------------|----------------|---------------|
| | <u>Reserve</u> | <u>General Fund</u> | <u>Reserve</u> | <u>Total</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Balance at 1 April 2016 | 7,994 | 13,185 | (7,708) | 13,471 |
| Net Expenditure after interest and before tax | - | (22,986) | - | (22,986) |
| Funding received | - | 22,249 | - | 22,249 |
| Revaluation of tangible fixed assets | 149 | - | - | 149 |
| Pension costs | - | (39) | 39 | - |
| Transfer to general fund | (435) | 435 | - | - |
| Actuarial loss | - | - | (2,077) | (2,077) |
| Funds at 31 March 2017 | <u>7,708</u> | <u>12,844</u> | <u>(9,746)</u> | <u>10,806</u> |

The funds in Sport Wales own non-consolidated accounts at 31 March 2017 were ((£8,220,000)), (31 March 2016 ((£5,551,000))) with £19,026,000 (2015/16 £19,022,000) attributable to the Sports Council for Wales Trust.

The notes on pages 41 to 62 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 2016**

| | <u>Revaluation</u> | <u>General Fund</u> | <u>Pension</u> | <u>Total</u> |
|--|--------------------|---------------------|----------------|---------------|
| | <u>Reserve</u> | <u>£'000</u> | <u>Reserve</u> | <u>£'000</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Balance at 1 April 2016 | 8,124 | 13,538 | (9,371) | 12,291 |
| Net Expenditure after interest and before tax | - | (24,797) | - | (24,797) |
| Funding received | - | 24,349 | - | 24,349 |
| Revaluation of tangible fixed assets | 304 | - | - | 304 |
| Pension costs | - | (339) | 339 | - |
| Transfer to general fund | (434) | 434 | - | - |
| Actuarial gain | - | - | 1,324 | 1,324 |
| Funds at 31 March 2017 | <u>7,994</u> | <u>13,185</u> | <u>(7,708)</u> | <u>13,471</u> |

The notes on pages 41 to 62 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 2017

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2016/17 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 to adhere to the Statement of Recommended Practice (SORP) issued by the Charity Commissioners for England and Wales in 2015.

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% 2015/16) 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

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.

At March 2017, the remaining provision that was originally made in 2015/16, is for one member of staff full redundancy cost and for one member of staff whose redundancy payments were made during 2016/17, but the strain on pension cost remains as a provision awaiting invoice from Cardiff Council. An estimate of the liability was used where actual costs are not known. Further information is set out at Note 18.

During 2016/17 provisions totalling £145,000 were utilised during the year. The remaining provision of £124,000 is due to be paid out in 2017/18.

At March 2017, per Welsh Government instruction, a provision was made in respect of the former Chair & Vice-Chair's payment of notice.

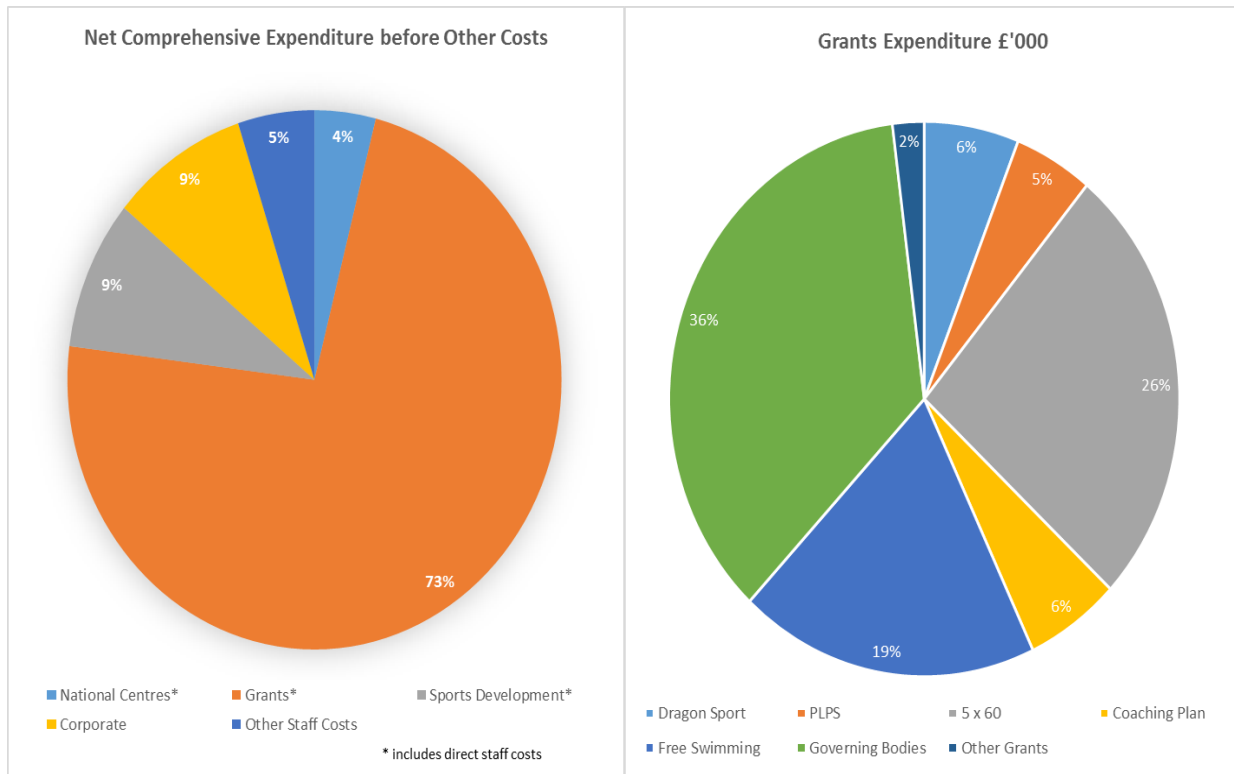
2. ANALYSIS OF NET COMPREHENSIVE EXPENDITURE

IFRS 8 requires operating segments to be identified on the basis of 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.

| | Note | 2016/2017 £'000 | 2015/2016 £'000 |
|---|------|--------------------|--------------------|
| National Centres | | | |
| Revenue | 3 | (2,659) | (2,673) |
| Expenditure Other | 7 | 1,500 | 1,610 |
| Net Operating Contribution | | <u>(1,159)</u> | <u>(1,063)</u> |
| Grants | | | |
| Sports Development Grants Income | 3 | (26) | (30) |
| Grant Expenditure | 5 | 16,239 | 17,848 |
| Net Operating Cost | | <u>16,213</u> | <u>17,818</u> |
| Sports Development and Corporate | | | |
| Other Income | 3 | (182) | (468) |
| Expenditure Other | 7 | 1,940 | 2,184 |
| Net Operating Cost | | <u>1,758</u> | <u>1,716</u> |
| Staff Costs | 6 | <u>5,414</u> | <u>5,513</u> |
| Net Comprehensive Expenditure before Other Costs | | <u>22,226</u> | <u>23,984</u> |
| Other Costs | | | |
| Property, Plant & Equipment and Pensions | | 2,686 | (815) |
| Net Operating Cost | | <u>2,686</u> | <u>(815)</u> |
| Total Comprehensive Net Expenditure | | <u>24,912</u> | <u>23,169</u> |

2. ANALYSIS OF NET COMPREHENSIVE EXPENDITURE – CONTINUED



3. INCOME

| | <u>2016/17</u> £'000 | <u>2015/16</u> £'000 |
|--------------------------------|-------------------------|-------------------------|
| Income from activities: | | |
| Sports Development Grants: | | |
| Other | 26 | 30 |
| National Sports Centres | 2,659 | 2,673 |
| | <u>2,685</u> | <u>2,703</u> |
| Other operating income: | | |
| Recovery of grants | 30 | 10 |
| CELLO Settlement | - | 300 |
| Gemau Cymru Grant | 55 | 55 |
| EHRC Grant | - | 77 |
| Tourism Grant | 70 | - |
| Other income | 27 | 26 |
| | <u>182</u> | <u>468</u> |
| Total Income | <u>2,867</u> | <u>3,171</u> |

4. GRANTS RECEIVABLE FROM GOVERNMENT

| | <u>2016/2017</u> £'000 | <u>2015/2016</u> £'000 |
|-----------------------------|---------------------------|---------------------------|
| Transferred to general fund | <u>22,249</u> | <u>24,349</u> |

5. GRANT EXPENDITURE

| | <u>2016/2017</u> £'000 | <u>2015/2016</u> £'000 |
|----------------------------|---------------------------|---------------------------|
| Performance and Excellence | 6,885 | 6,896 |
| PESS / PLPS | 777 | 1,621 |
| Regions | <u>8,577</u> | <u>9,331</u> |
| | <u>16,239</u> | <u>17,848</u> |
| Public Sector | 9,133 | 10,524 |
| Private Sector | <u>7,106</u> | <u>7,324</u> |
| | <u>16,239</u> | <u>17,848</u> |

6. STAFF COSTS

| | <u>2016/2017</u> £'000 | <u>2015/2016</u> £'000 |
|---|---------------------------|---------------------------|
| Permanent: | | |
| Salaries and wages | 5,406 | 5,162 |
| Provision for redundancies, strain on pension & payment of notice | 124 | 259 |
| Social Security costs | 516 | 377 |
| Other Pension costs | 1,601 | 2,050 |
| Agency & Instructional Staff | 236 | 261 |
| Staff on secondment | <u>(46)</u> | <u>(54)</u> |
| | 7,837 | 8,055 |
| IAS19 Adjustments | <u>(390)</u> | <u>(810)</u> |
| | 7,447 | 7,245 |
| Less: Allocated to SPORTLOT | <u>(2,033)</u> | <u>(1,732)</u> |
| | <u>5,414</u> | <u>5,513</u> |

Other Pension costs include a lump sum contribution of £670,000 towards the net pension liability (2015/16 £1,050,000). The lump sum contribution is allocated 76% Sport Wales and 24% 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 2016/17, this charge was £1,160,000 (incl past service cost) and replaces the employer's pension costs in the SoCNE. The employer's contribution was £1,550,000, so the net effect was (£390,000) 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.

7. OTHER EXPENDITURE

| (a) | <u>2016/2017</u> £'000 | <u>2015/2016</u> £'000 |
|--|---------------------------|---------------------------|
| Auditor's Fees - Audit services | 23 | 23 |
| - Trust Accounts | 3 | 3 |
| Travelling, subsistence and hospitality expenses of: | | |
| Members | 19 | 25 |
| Headquarters staff | 39 | 40 |
| National Sports Centres | 7 | 5 |
| Sports Development | 100 | 102 |
| Central Support Services | 502 | 544 |
| Marketing and communications | 698 | 993 |
| Research | 347 | 227 |
| Interest Payable to Welsh Government | 1 | 2 |
| Other Expenditure: | | |
| National Sports Centres | 1,493 | 1,605 |
| Sports Development | 216 | 219 |
| Movement in Provision for doubtful debts | (8) | 6 |
| | <u>3,440</u> | <u>3,794</u> |

This expenditure can be further analysed as follows:

| (b) | <u>2016/2017</u> £'000 | <u>2015/2016</u> £'000 |
|--------------------|---------------------------|---------------------------|
| National Centres | 1,500 | 1,610 |
| Sports Development | 316 | 321 |
| Corporate | 1,624 | 1,863 |
| | <u>3,440</u> | <u>3,794</u> |

8. DISPOSAL OF PROPERTY, PLANT & EQUIPMENT

| | <u>2016/2017</u> £'000 | <u>2015/2016</u> £'000 |
|--------------------------|---------------------------|---------------------------|
| Gross book value | 202 | 122 |
| Accumulated depreciation | (192) | (122) |
| Net book value | <u>10</u> | <u>-</u> |
| Proceeds from sale | <u>39</u> | <u>4</u> |
| Surplus on sale of asset | <u>29</u> | <u>4</u> |

9. PROPERTY, PLANT & EQUIPMENT

| (a) Council: | <u>Equipment</u> £'000 | <u>Vehicles</u> £'000 | <u>ICT</u> £'000 | <u>Total</u> £'000 |
|---------------------------------|---------------------------|--------------------------|---------------------|-----------------------|
| Cost as at 1 April 2016 | 550 | 157 | 140 | 847 |
| Additions | 205 | 21 | 36 | 262 |
| Disposals | (7) | (14) | (10) | (31) |
| At 31 March 2017 | <u>748</u> | <u>164</u> | <u>166</u> | <u>1,078</u> |
| Depreciation at 1 April 2016 | (308) | (97) | (137) | (542) |
| Charge for the year | (70) | (17) | (10) | (97) |
| Disposals | 5 | 14 | 10 | 29 |
| At 31 March 2017 | <u>(373)</u> | <u>(100)</u> | <u>(137)</u> | <u>(610)</u> |
| Net Book Value at 31 March 2017 | <u>375</u> | <u>64</u> | <u>29</u> | <u>468</u> |
| Net Book Value at 31 March 2016 | <u>242</u> | <u>60</u> | <u>3</u> | <u>305</u> |
| | <u>Equipment</u> £'000 | <u>Vehicles</u> £'000 | <u>ICT</u> £'000 | <u>Total</u> £'000 |
| Cost as at 1 April 2015 | 515 | 151 | 211 | 877 |
| Additions | 35 | 15 | - | 50 |
| Disposals | - | (9) | (71) | (80) |
| At 31 March 2016 | <u>550</u> | <u>157</u> | <u>140</u> | <u>847</u> |
| Depreciation at 1 April 2015 | (238) | (88) | (195) | (521) |
| Charge for the year | (70) | (18) | (12) | (100) |
| Disposals | - | 9 | 70 | 79 |
| At 31 March 2016 | <u>(308)</u> | <u>(97)</u> | <u>(137)</u> | <u>(542)</u> |
| Net Book Value at 31 March 2016 | <u>242</u> | <u>60</u> | <u>3</u> | <u>305</u> |
| Net Book Value at 31 March 2015 | <u>277</u> | <u>63</u> | <u>16</u> | <u>356</u> |

(b) Consolidated:

| | <u>Plas Menai</u> | <u>Sport</u> <u>Wales</u> | | | | |
|-----------------------------------|-------------------|------------------------------|------------------|-----------------|--------------|----------------|
| | <u>Freehold</u> | <u>National</u> | | | | |
| | <u>land and</u> | <u>Centre</u> | <u>Equipment</u> | <u>Vehicles</u> | <u>ICT</u> | <u>Total</u> |
| | <u>buildings</u> | <u>buildings</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Cost or Valuation at 1 April 2016 | 6,084 | 12,926 | 1,280 | 168 | 140 | 20,598 |
| Additions | 217 | 81 | 205 | 21 | 36 | 560 |
| Disposals | - | - | (168) | (23) | (10) | (201) |
| Revaluation | (92) | (194) | - | - | - | (286) |
| At 31 March 2017 | <u>6,209</u> | <u>12,813</u> | <u>1,317</u> | <u>166</u> | <u>166</u> | <u>20,671</u> |
| Depreciation at 1 April 2016 | - | - | (1,031) | (107) | (137) | (1,275) |
| Charge for the year | (172) | (263) | (70) | (17) | (10) | (532) |
| Disposals | - | - | 158 | 23 | 10 | 191 |
| Revaluation | 172 | 263 | - | - | - | 435 |
| At 31 March 2017 | <u>-</u> | <u>-</u> | <u>(943)</u> | <u>(101)</u> | <u>(137)</u> | <u>(1,181)</u> |
| Net Book Value at 31 March 2017 | <u>6,209</u> | <u>12,813</u> | <u>374</u> | <u>65</u> | <u>29</u> | <u>19,490</u> |
| Net Book Value at 31 March 2016 | <u>6,084</u> | <u>12,926</u> | <u>249</u> | <u>61</u> | <u>3</u> | <u>19,323</u> |

| | <u>Plas Menai</u> | <u>Sport</u> <u>Wales</u> | | | | |
|-----------------------------------|-------------------|------------------------------|------------------|-----------------|--------------|----------------|
| | <u>Freehold</u> | <u>National</u> | | | | |
| | <u>land and</u> | <u>Centre</u> | <u>Equipment</u> | <u>Vehicles</u> | <u>ICT</u> | <u>Total</u> |
| | <u>buildings</u> | <u>buildings</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| Cost or Valuation at 1 April 2015 | 6,274 | 12,569 | 1,275 | 162 | 223 | 20,503 |
| Additions | 190 | 107 | 35 | 15 | - | 347 |
| Disposals | - | - | (30) | (9) | (83) | (122) |
| Revaluation | (380) | 250 | - | - | - | (130) |
| At 31 March 2016 | <u>6,084</u> | <u>12,926</u> | <u>1,280</u> | <u>168</u> | <u>140</u> | <u>20,598</u> |
| Depreciation at 1 April 2015 | - | - | (991) | (98) | (208) | (1,297) |
| Charge for the year | (169) | (265) | (70) | (18) | (12) | (534) |
| Disposals | - | - | 30 | 9 | 83 | 122 |
| Revaluation | 169 | 265 | - | - | - | 434 |
| At 31 March 2016 | <u>-</u> | <u>-</u> | <u>(1,031)</u> | <u>(107)</u> | <u>(137)</u> | <u>(1,275)</u> |
| Net Book Value at 31 March 2016 | <u>6,084</u> | <u>12,926</u> | <u>249</u> | <u>61</u> | <u>3</u> | <u>19,323</u> |
| Net Book Value at 31 March 2015 | <u>6,274</u> | <u>12,569</u> | <u>284</u> | <u>64</u> | <u>15</u> | <u>19,206</u> |

Included in Plas Menai Freehold land and buildings is land valued at £175,000 (2015/16 £175,000). The land and buildings held by the SCW Trust were independently valued as at 31 March 2017 at £19,022,000 by Messrs Cooke & Arkwright, Chartered Surveyors in accordance with the Royal Institute Chartered Surveyors appraisal and valuation manual. This valuation excludes the land at Sport Wales National Centre, which is leasehold. Lease payments of £3,071 per annum are paid for the Sport Wales National Centre. There are fifty-one years remaining on the existing ninety-nine year lease, equating to an overall outstanding commitment of £156,621.

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

| | <u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u> | <u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u> |
|---|---|---|
| Trade Receivables | 180 | 213 |
| SPORTLOT | 794 | 939 |
| VAT | 90 | 83 |
| Prepayments and accrued income | 364 | 601 |
| Grant prepayment | 132 | 344 |
| Grant repayable | 15 | 120 |
| Provision for bad and doubtful debts | (1) | (9) |
| | <u>1,574</u> | <u>2,291</u> |
| | | |
| | <u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u> | <u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u> |
| Intra-government balances | | |
| Balances with other central government bodies | 1,010 | 1,024 |
| Balance with local authorities | 127 | 367 |
| | <u>1,137</u> | <u>1,391</u> |
| Balance with bodies external to government | 437 | 900 |
| | <u>1,574</u> | <u>2,291</u> |

11. TRADE PAYABLES AND OTHER LIABILITIES

| | <u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u> | <u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u> |
|-----------------|---|---|
| Trade Payables | 164 | 391 |
| Accruals | 367 | 429 |
| Deferred income | 215 | 205 |
| | <u>746</u> | <u>1,025</u> |

| | <u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u> | <u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u> |
|--------------------------------------|---|---|
| Current Trade and Other Payables | 600 | 963 |
| Non-current Trade and Other Payables | 146 | 62 |
| | <u>746</u> | <u>1,025</u> |

| | <u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u> | <u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u> |
|---|---|---|
| Intra-government balances | | |
| Balances with other central government bodies | 210 | 26 |
| Balance with local authorities | 6 | 1 |
| | <u>216</u> | <u>27</u> |
| Balance with bodies external to government | 530 | 998 |
| | <u>746</u> | <u>1,025</u> |

12. GRANT ACCRUALS

| | <u>At</u> <u>31 March</u> <u>2017</u> <u>£'000</u> | <u>At</u> <u>31 March</u> <u>2016</u> <u>£'000</u> |
|----------------|---|---|
| Accrued Grants | 19 | 17 |

13. GROSS CASH FLOWS

| | <u>2016/2017</u> £'000 | <u>2015/2016</u> £'000 |
|--|---------------------------|---------------------------|
| Cash Flows From Investing Activities | | |
| Interest received | <u>1</u> | <u>2</u> |
| Capital Expenditure and Financial Investment | | |
| Payments to acquire property, plant & equipment | (560) | (347) |
| Receipts from the sale of property , plant & equipment | <u>39</u> | <u>4</u> |
| | (521) | (343) |
| Cash Flows From Financing Activities | | |
| Funding received from the Welsh Government (note 4) | <u>22,249</u> | <u>24,349</u> |

14. CASH AND CASH EQUIVALENTS

| | <u>2016/2017</u> £'000 | <u>2015/2016</u> £'000 |
|---|---------------------------|---------------------------|
| As at 1 April | 866 | 1,214 |
| Net change in cash and cash equivalent balances | <u>(489)</u> | <u>(348)</u> |
| As at 31 March | <u>377</u> | <u>866</u> |

The following balances at 31 March were held at:

| | | |
|-----------------------------------|------------|------------|
| Commercial banks and cash in hand | <u>377</u> | <u>866</u> |
| As at 31 March | <u>377</u> | <u>866</u> |

15. CAPITAL COMMITMENTS

| | <u>At</u> <u>31 March</u> <u>2017</u> £'000 | <u>At</u> <u>31 March</u> <u>2016</u> £'000 |
|-------------------------|--|--|
| Contracted but not paid | <u>3</u> | <u>6</u> |

16. CONTINGENT LIABILITIES

There were no contingent liabilities outstanding at the year end.

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 2016/17 this is Sports Council for Wales 76% and Lottery Accounts 24%.

Sport Wales made a total pension contribution in 2016/17 of £1,550,000 (2015/16 £1,940,000) which is analysed as follows:

- Employers Pension contributions £876,000 representing 20.2% of pensionable pay (2015/16 £817,000 20.2%); and advanced contributions in respect of early retirement cost £0 (2015/16 £73,000)
- Lump Sum Contribution of £670,000 (24% of which was met by Lottery), (2015/16 £1,050,000 of which 23% was met by Lottery)

The rate of employer's pension contributions from 2017/18 will be 24.2%. This has been set as a result of the last triennial valuation of the scheme which was carried out as at 31 March 2016. 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 £1,970,000 to the fund in 2017/18, which includes a contribution towards the pension deficit of £887,000. In addition to this "strain on fund" contributions may be required as well.

The net pension liability for the Sport Council of Wales consolidated accounts as at 31 March 2017 is £9,746,000 (2015/16 £7,708,000).

Main Financial Assumptions

| | 31 March 2017 % | 31 March 2016 % | 31 March 2015 % |
|--|-----------------------|-----------------------|-----------------------|
| Discount Rate | 2.6 | 3.5 | 3.2 |
| Inflation - CPI | 2.0 | 1.8 | 1.8 |
| Rate of increase to pensions in payment | 2.0 | 1.8 | 1.8 |
| Rate of increase to deferred pensions | 2.0 | 1.8 | 1.8 |
| Rate of general increase in salaries | 3.0 | 2.8 | 2.8 |
| Mortality Assumptions: | Years | Years | Years |
| Future lifetime from age 65 (aged 65 at accounting date) | | | |
| - Male | 23.0 | 23.8 | 23.8 |
| - Female | 25.7 | 26.8 | 26.7 |
| Future lifetime from age 65 (aged 45 at accounting date) | | | |
| - Male | 24.0 | 25.9 | 25.8 |
| - Female | 27.1 | 29.1 | 29.0 |

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 2017.

Analysis of movements in surplus (deficit) during the year

| | 31 March 2017 £m | 31 March 2016 £m |
|------------------------------------|------------------------|------------------------|
| Fair value of fund assets | 40.34 | 31.35 |
| Present value of liabilities | (53.03) | (41.36) |
| (Deficit) in scheme at end of year | (12.69) | (10.01) |

Analysis of amount charged to Operating Costs

| | 31 March 2017 £m | 31 March 2016 £m |
|----------------------|------------------------|------------------------|
| Current service cost | 1.16 | 1.06 |
| Past service cost | 0.00 | 0.07 |
| Interest cost | 0.34 | 0.37 |
| Expense recognised | 1.50 | 1.50 |

Remeasurement of amounts recognised in Other Comprehensive Expenditure

| | 31 March 2017 £m | 31 March 2016 £m |
|--|------------------------|------------------------|
| Return on plan assets in excess of that recognised in net interest | (7.00) | 1.42 |
| Actuarial (gains)/losses due to change in financial assumptions | 11.37 | (2.75) |
| Actuarial losses/(gains) due to change in demographic assumptions | (4.02) | 0.00 |
| Actuarial (gains) due to liability experience | 2.38 | (0.39) |
| Total amount recognised in Other Comprehensive Expenditure | 2.73 | (1.72) |
| Total amount recognised | 4.23 | (0.22) |

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

| | 31 March 2017 £m | 31 March 2016 £m |
|---|---------------------------------|---------------------------------|
| Opening defined benefit obligation | 41.36 | 42.57 |
| Current service cost | 1.16 | 1.06 |
| Interest expense on defined pension obligation | 1.44 | 1.35 |
| Contributions by participants | 0.31 | 0.28 |
| Actuarial losses/(gains) on liabilities- financial assumptions | 11.37 | (2.75) |
| Actuarial (gains)/losses on liabilities - demographic assumptions | (4.02) | 0.00 |
| Actuarial losses/(gains) on liabilities - experience | 2.38 | (0.39) |
| Net benefits paid out | (0.97) | (0.83) |
| Past service cost (including curtailments) | 0.00 | 0.07 |
| Closing defined benefit obligation | 53.03 | 41.36 |

Changes to the fair value of assets during the year

| | 31 March 2017 £m | 31 March 2016 £m |
|---------------------------------------|---------------------------------|---------------------------------|
| Opening fair value of assets | 31.35 | 30.40 |
| Interest income on assets | 1.10 | 0.98 |
| Remeasurement gain/(losses) on assets | 7.00 | (1.42) |
| Contributions by the employer | 1.55 | 1.94 |
| Contributions by participants | 0.31 | 0.28 |
| Net benefits paid out | (0.97) | (0.83) |
| Closing fair value of assets | 40.34 | 31.35 |

Actual return on assets

| | 31 March 2017 £m | 31 March 2016 £m |
|---------------------------------|---------------------------------|---------------------------------|
| Expected return on assets | 1.10 | 0.98 |
| Actuarial gain/(loss) on assets | 7.00 | (1.42) |
| Actual return on assets | 8.10 | (0.44) |

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

| | 31 March 2017 £m | 31 March 2016 £m | 31 March 2015 £m | 31 March 2014 £m | 31 March 2013 £m | 31 March 2012 £m |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Fair value of assets | 40.34 | 31.35 | 30.40 | 26.37 | 22.48 | 19.22 |
| Present value of defined benefit obligation | (53.03) | (41.36) | (42.57) | (36.64) | (41.67) | (36.41) |
| (Deficit) | (12.69) | (10.01) | (12.17) | (10.27) | (19.19) | (17.19) |

18. PROVISIONS

| | <u>Employee redundancies & strain on pension</u> £'000 | <u>Payment of notice</u> £'000 | <u>Total</u> £'000 |
|---------------------------------|---|---------------------------------------|-----------------------|
| As at 1 April 2016 | 259 | - | 259 |
| Movement in Provision | - | 10 | 10 |
| Provisions utilised in the year | (145) | - | (145) |
| As at 31 March 2017 | <u>114</u> | <u>10</u> | <u>124</u> |

| | <u>Employee redundancies & pension strain</u> £'000 | <u>Payment of notice</u> £'000 | <u>Total</u> £'000 |
|---|--|---------------------------------------|-----------------------|
| No later than one year | 114 | 10 | 124 |
| Later than one year and not later than five years | - | - | - |
| Later than five years | - | - | - |
| As at 31 March 2017 | <u>114</u> | <u>10</u> | <u>124</u> |

Employee Redundancies and Pension Strain

At March 2017, the remaining provision that was originally made in 2015/16, is for one member of staff full redundancy cost and for one member of staff whose redundancy payments were made during 2016/17, but the strain on pension cost remains as a provision awaiting invoice from Cardiff Council. An estimate of the liability was used where actual costs are not known.

Payment of Notice

At March 2017, per Welsh Government instruction, a provision was made in respect of the former Chair & Vice-Chair's payment of notice.

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 Morgan <i>Manager, Plas Menai</i> | Welsh Gymnastics | 433 | Daughter member | - |
| | Royal Yachting Association | 10 | Former CEO | - |
| S Powell <i>CEO</i> | Welsh Hockey Union | 406 | Former Member | - |
| J Longville <i>Council Member</i> | Cardiff Metropolitan University | 8 | Principal Lecturer | - |
| | Welsh Netball Association | 262 | Chair of Selectors | - |
| | Welsh Gymnastics | 433 | Previous mentor | - |
| | Welsh Athletics | 409 | Son athlete of Welsh Athletics | - |
| J Sheppard <i>Council Member</i> | Welsh Netball | 262 | Mother is employee | - |
| | Rhondda Cynon Taf CBC | 722 | Sister is former employee | - |
| | Welsh Badminton Union | 103 | Sister is chair | - |

| Member's Panel | Body | Payments in Year £000 | Nature of link | Committed Grant Payment |
|--|----------------------------------|------------------------------|---------------------------------------|--------------------------------|
| J Sheppard <i>Council Member Cont</i> | Cardiff Metropolitan University | 8 | Father is former Performance Director | - |
| | Welsh Rugby Union | 735 | Father is WRU Match Official | - |
| | University of South Wales | 167 | Previous Advisory Board Member | - |
| Dr P Thomas <i>Chair</i> | DNA Definitive | 17 | Director | - |
| | Glyndwr University | 3 | Visiting Faculty | - |
| B Davies <i>Corporate Director</i> | Welsh Gymnastics | 433 | Spouse Coach | - |
| G Williams <i>Corporate Director</i> | Welsh Netball | 262 | Children members | - |
| | Tennis Wales | 179 | Member | - |
| A Weeks <i>Corporate Director</i> | Welsh Amateur Rowing Association | 64 | Former Board Member | - |
| A Lycett <i>Council Member</i> | Welsh Government | 251 | Immediate family member employed | - |
| S Wafa <i>Council Member</i> | Cardiff County Council | 886 | Former Instructor & Family Employee | - |
| | BBC | 107 | Sibling is employee | - |
| | FAW | 759 | Voluntary Programme Support | - |
| P Curran <i>Corporate Director</i> | Swansea University | 26 | Partner is lead academic | - |

Remuneration of Senior Managers and Council Members

Senior Managers and Council Members are considered to be the Directors and their remuneration is disclosed within the Remuneration and Staff Report on pages 26 to 32.

20. 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.