

sportwales
chwaraeoncymsu

SPORT WALES

CHWARAEON CYMRU

ANNUAL REPORT AND ACCOUNTS

2011 - 2012



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

THE SPORTS COUNCIL FOR WALES AND SPORTS COUNCIL FOR WALES TRUST
1 APRIL 2011 – 31 MARCH 2012

ANNUAL REPORT AND ACCOUNTS

The Annual Report incorporates the Director's Report, Management Commentary and Remuneration Report. The Sports Council for Wales has adopted International Financial Reporting Standards (IFRS).

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:

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

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

BOARD

During 2011/12, Sport Wales comprised the following board members;

Prof L McAllister **	(Chair)
Mr Robert Harris	(Retired 31.03.2012)
Reverend Hywel Davies	(Retired 31.03.2012)
Mrs Adele Baumgardt	(Retired 31.03.2012)
Mr Richard Palmer *	(Retired 31.03.2012)
Mr David Roberts	(Reappointed 01.04.2011)
Mr Martin J Warren */**	(Reappointed 01.04.2011)
Prof. John Bayliss *	(Appointed 01.04.2011)
Mr Richard Cuthbertson *	(Appointed 01.04.2011)
Mr Andrew Morgan	(Appointed 01.04.2011)
Mr Simon Pirotte	(Appointed 01.04.2011)
Mr Paul Thorburn	(Appointed 01.04.2011)
Mr Alan Watkin *	(Appointed 01.05.2011)

Dr H Jones (Chief Executive)

* Member of the Audit committee

** Member of the Remuneration committee

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

REGISTERED OFFICE

Sophia Gardens
Cardiff
Wales
CF11 9SW

DECLARATIONS OF INTEREST

All Members and Senior Staff of Sport Wales have completed a return detailing any interests in Organisations which provide, or may seek to provide, commercial services to Sport Wales for 2011/12. Information provided that requires disclosure in accordance with International Accounting Standard 24 is disclosed in Note 22 of these accounts.

MANAGEMENT COMMENTARY

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

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

Sport Wales' priorities are as follows:

Sporting Innovation:-

Wales has a sports sector that embraces collaboration, encouraging new ways of delivering opportunities to increase participation and improve elite performance.

Skills for a Life in Sport:-

Every child and young person is provided with the skills and confidence from an early age to be physically literate through high quality, engaging sporting experiences.

Sporting Communities:-

We have communities with sport at the heart of them, offering joined up opportunities for every child and young person to undertake at least five hours of safe, high quality sport every week and sustaining their engagement throughout their adult life.

Sporting Excellence:-

We are a nation that excels in nurturing sporting talent and delivers on-going success on the international stage.

Growing a Skilled & Passionate Workforce:-

All those involved in sport, whether in a professional or voluntary capacity, are supported to pass on their skills and passion for sport to the people of Wales.

Performance and development during the year and trends and factors underlying performance and development

The Welsh Government funds Sport Wales to deliver its strategic policy objectives in relation to sport and physical recreation.

Sport Wales' Corporate plan sets out key milestones in a number of priority areas. The plan identifies how we will continue to deliver on the Welsh Government's agenda for sport and physical activity and reinforces our duty to positively influence participation, performance and partnerships.

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

At the start of 2011, Sport Wales Board members agreed that Results Based Accountability (RBA) report cards would be used to present the information within the Corporate Plan and to report progress on a quarterly basis. This replaces the previously used traffic light system to scrutinise performance. The report cards outline our strategic objectives and actions. In order to demonstrate how our work contributes towards the Vision for Sport in Wales, work is organised around the five priorities listed above.

The following section explores our performance over the period 2011-12 in relation to the Vision priorities.

Sporting Innovation

During 2011-2012, Sport Wales has been developing a strategic long-term approach to boosting entrepreneurial and commercial practice within the sporting community. This will be implemented from 2012-13 onwards. We want to see National Governing Bodies (NGBs) offering modified versions of their sports to encourage new players and we have been working to encourage better collaboration between local authorities and NGBs.

Work has been on-going to help partners develop a vision and ambitious plans. Internally, Sport Wales wants to create an environment of high performing staff by developing an organisation-wide training plan. This was introduced in January 2012 at the Staff Day.

Skills for a Life in Sport

A Multi skills approach and new resources have been piloted in West Wales and longer term lessons learnt will help inform how the programme can be implemented across Wales. This will complement the successful Dragon Sport programme and bridge the gap between this offer and the resources offered through the Play to Learn Foundation Phase for 3 to 7 year olds.

'Whole School Sport' will improve the integration of PE, school sport, our Active Young People programmes and community sport. A 'whole school approach' is being developed which will place an increased emphasis on creating strong partnerships between schools and the local community.

The staffing structure for PE and School Sport (PESS) was revised in order to embed work on improving the quality of PESS within education systems and structures. PESS consortia teams are now in place and local plans have been developed.

Through the Free Swimming programme, there is a clear opportunity to develop children's ability to swim. Local authorities have demonstrated a significant commitment to improving the Welsh Government's Learn to Swim programme, particularly in increasing the number of structured activities.

The School Sport Survey was completed by almost 40,000 pupils in 2011, making it the largest survey of children and young people in Wales to date. The evidence from the survey informs not only the 'Skills for a Life in Sport' agenda but also Sporting Communities and Workforce issues.

Sporting Communities

Sport Wales developed a Community Sport Strategy for the sector and a Child Poverty Strategy during 2011. These were produced following consultation with partners and young people and were successfully launched in April 2012. Building on the Vision for Sport, the Community Sport Strategy sets out clear priorities to enable a dramatic shift in the range and number of people involved in local sport. It also provides further guidance to those responsible for planning and running sport in Wales.

We've also challenged partners to better engage young people in the planning and delivery of sport, and with over 1000 Young Ambassadors now recruited to increase sport's appeal and reach amongst children and young people, we're on our way to embedding the young person's voice into everything we do.

Our track record in disability sport in Wales continues to earn credibility and international respect. With good increases in club membership organised by the Disability Community programme, we can evidence that sport is becoming even more inclusive. Disability Sport Wales continues to make progress through insport: programmes which intend to support National Governing Bodies of Sport (insport NGB), Local Authorities (insport Development), and clubs (insport Club) to provide inclusive, quality sessions to disabled people within their communities and at a level of their choice or potential. A number of approaches are being piloted across Wales.

In future years, Community Sport will see an investment of nearly £30 million in our communities at both a local and national level funded from Exchequer and Lottery support. There will be increased investment in Community Chest, plus the launch of a new £1 million programme Calls for Action which seeks to increase participation rates in sections of the Welsh population that have been historically under-represented within the Welsh sporting landscape.

Sporting excellence

A new Focus 14 Board was established during 2011-2012. We have increased investment in identified sports and athletes to ensure they are given every opportunity to achieve their medal targets. We have also aimed to increase the support given to Elite Sport by increasing governing bodies' use of the National Centre during 2011-2012, and use has increased by 3,265 hours compared with the previous year. Facility use has also been expanded with regular 10m indoor shooting training taking place, and planning permission has been given for an outdoor shooting range.

Sport Wales' staff has been working with Welsh Government's Major Events Unit and UK Sport to identify major events that align with the Elite Sport Strategy and regular meetings have been held during the course of the year.

Growing a skilled and passionate workforce

A Coaching and Volunteering Strategy is in place for 2010-2016. During 2012 a review of expenditure on coaching began, to challenge the outcomes we are getting for our investment on coaching and volunteering. In terms of elite sport, targets have been set for the numbers of active coaches and officials we want to see over the coming year, and a number of full time coaches have been appointed in our key elite sports, as identified in the Elite Sports Strategy. The Coach of the Year event and the *National Volunteering Week* have been used to promote opportunities to volunteer in sport with the press and with our partners. We have also used research statistics to demonstrate the economic benefits of volunteering.

At a grass roots level, the amount of funding that clubs can apply for Community Chest has been increased from £1000 to £1500 so that coach education can be further supported, plus Young Ambassadors, as mentioned above, will continue to be supported.

The table below shows data from some of our key performance indicators that have been reported on in previous annual reports and accounts.

Performance Indicators 2010-2012

	Output 2010/11	Output 2011/12
Number of registrations in Dragon Sport	209,804	210,774
Frequent attendance (percentage of pupils attending 5 times or more) in 5x60	-	22.71%
Number of registrations in 5x60 (autumn and spring terms)	196,154	200,552
Number of structured aquatic sessions provided for the 16 and under age group	80,054	74,875 (up to Jan 2012)
Number of structured aquatic sessions provided for the 60+ age group	65,142	66,129 (up to Jan 2012)
Number of affiliated club members within Sport Wales supported National Governing Bodies (NGB)	455,049	454,334*
Number of hours of NGB use at the National Centre	20,694	23,959

*There was nil return from 3 NGBs

Our key targets for 2012-2013 are:

Dragon Registrations	5x60 Attendance	5x60 Frequency	All Swims per 1000 Population	Learn to Swim Rates at Age 11	Number of Schools with Active Marc
Target: 223,259	Target: 1,201,643	Target: 23,198	Target: 1,532	Target: 83%	Target: 315
Previous: 209,804	Previous: 1,071,360	Previous: 16,885	Previous: 1,303	Previous: 70%	Previous: 191
Number of Active Coaches and Officials	Adult Membership Senior Men	Adult Membership Senior Women	Junior Club Membership Boys	Junior Club Membership Girls	Number of Clubs
Target: 42,257	Target: 261,771	Target: 43,467	Target: 155,359	Target: 46,364	Target: 5,962
Previous: 35,861	Previous: 249,352	Previous: 39,924	Previous: 139,437	Previous: 43,001	Previous: 5,624

Over the period of our Corporate Plan 2012-2015, the following key outcomes will be measured:

- The percentage of young people in school years 3-11 who participate three or more times a week in an extracurricular and/or club setting;
- The percentage of young people in school years 3-11 who participate in sport in a club;
- The percentage of young adults 16-24 participating on three occasions a week on average in the previous four weeks;
- The percentage of adults aged 15+ that volunteered in the last 12 months;
- Key Stage 3 attainment in Physical Education (5+).

Population outcome measures can be reported on every two years.

END OF YEAR POSITION

The accounts record a net expenditure after taxation for the year ending 31 March 2012 of £28,343,000 (2010/11 £25,673,000). The net movement on the general fund for the year, after the funding received from the Welsh Government, was an over spend of £318,000 (2010/11 over spend of £217,000).

RISK IDENTIFICATION AND MANAGEMENT

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

During 2011/12 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via Sport Wales's internal network.

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

The Risk Register is reviewed at regular intervals by managers, and reported on to the Audit Committee.

In addition to the above, managers continue to attend the Audit Committee and explain the risks for which they have responsibility, the controls in place to mitigate the risks, and details of any future action required. This process allows Audit Committee members to hear first-hand how risks are being managed, whilst allowing audit committee members to ask questions that will enable them to obtain the assurances they need.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

Social and Community Issues

Our work is guided by several key documents: One Wales, the programme for the coalition government; Creating an Active Wales, the five year strategic action plan to deliver Climbing Higher; and the Vision for Sport in Wales.

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

The principles of social justice, sustainability and inclusivity that underpin One Wales complement the Welsh Government's long-term strategy for sport and physical activity, Creating an Active Wales. The objective of the strategy is to have:

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

The Vision for Sport in Wales is underpinned by four Sport Wales supporting strategies: the Community Sport Strategy, Child Poverty Strategy, Elite Sport Strategy and Coaching and Volunteering Strategy.

The Community Sport Strategy and Child Poverty Strategy respond to social and community issues. Sport Wales aspires to get every child hooked on sport for life, and our priorities form the strategic basis for our work in achieving Core Aim 4 of the Welsh Government's 7 Core Aims, which states every child and young person should "have access to play, leisure, sporting and cultural activities". This means working with our partners to ensure that there are opportunities for children and young people to participate and that we are doing everything we can to ensure barriers that prevent this are overcome.

The Community Sport Strategy sets out clear priorities to enable a dramatic shift in the range and number of people involved in local sport. The Child Poverty Strategy will not be solely delivered by Sport Wales, but outlines our commitment to making a difference to children, young people and their families who live in poverty.

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

Sustainability

Sport Wales is actively pursuing policies that will seek to reduce the impact its operations have on the environment. Sport Wales undertakes a number of initiatives to reduce environmental impact, the main delivery being achieved via the Green Dragon* Environmental Standard and by working in conjunction with the Carbon Trust.

The work undertaken so far by Sport Wales has reduced gas, oil and electricity consumption over a number of years, resulting not only in a lower carbon footprint but also in reduced fuel costs. The determination by Sport Wales to reduce the environmental impact of its activities has been recognised with the awarding of level three accreditation of the Green Dragon* standard at our National Centre in Plas Menai; and a level two Green Dragon* accreditation at our Sport Wales National Centre in Cardiff.

In addition where possible:

- The use of electronic media has been utilised including using podcasts and video conference calls as a means of communicating with stakeholders in place of individuals travelling to events.
- Documents, newsletters and publications are sent electronically saving time, resources and money.
- Cardboard, paper, toners, bottles and cans are collected and recycled.

In line with the Welsh Government's stated aim to enable integrated reporting on sustainability Sport Wales will put systems in place during 2012-2013 that capture information for Sustainability Reporting.

*Green Dragon is a stepped Standard recognising effective environmental management. The Standard offers an environmental management system relevant to the specific needs of companies and organisations and rewards actions taken to achieve environmental improvements.

FACTORS AFFECTING THE FUTURE PERFORMANCE AND DEVELOPMENT

Over the next three years, we will work tirelessly to capitalise on major sporting events to help us further the Welsh Government's priorities.

In the more immediate term, the London 2012 Olympic & Paralympic Games provide us with nothing short of a major marketing campaign for the power of sport. Working with our partners in public, private and voluntary sectors, we are ready to translate the Games into something that will provide a catalyst for changing mind sets and encouraging inclusive, quality sport across Wales. In 2014, the Glasgow Commonwealth Games will be of huge importance to us, as this is the world's only multi-sport competition in which Wales can compete as a nation, we want to finish at the number one spot in the medals per head of population table.

In the meantime, we will be focusing our efforts on ensuring recent sporting successes becomes systematic by establishing structures and systems to deliver the pathway throughout Wales.

Collaboration: A Necessity to Grow Inclusive Sport

All of this, and our wider work, necessitate genuine and mutually-beneficial collaboration. Working in partnership has always been the basis of our operation. We have articulated a need for both us and the sport sector to work differently if we are to achieve our aspirations. This work is still in its infancy - internally and with partners - and we need to ensure that recent successes do not dissipate into the sand.

If we are to see significant gains in addressing some of the inequality issues in sport, we need to think broader than our existing partners. We'll be actively seeking new partners who have the aspiration and capability to make a real difference. Addressing poverty of opportunity and poverty of aspiration are central to what we do. Ensuring that systems and structures are in place across all our **communities will be crucial.**

Driving Developments in Community Sport

Implementing the Community Sport Strategy will also be a key focus for Sport Wales. We are committed to making transformational changes to the way sport is developed and run. Over the next three years, we will be building on work to decentralise sport, encouraging a business mentality within clubs to allow for growth, taking our engagement with schools, colleges and universities to another level, and developing the workforce. At the heart of this will be our mission to get every child hooked on sport for life; prioritising the spirit of the Child Poverty agenda.

Planning for the Future of Sport

With significant economic, social and technological change facing society, we need to consider what sport in Wales should like in 10 years' time. We will begin this debate in earnest in 2012.

DATA PROTECTION

The Data Protection Act 1998 (DPA) gives rights to individuals about whom information is obtained or processed. The DPA also imposes legal obligations on the way in which Sport Wales obtains, records, and processes personal information about individuals, whether this is done on a manual or electronic basis. We have put in place a Data Protection policy that sets out responsibilities and rights under the DPA.

Sport Wales has registered details about our processing of personal data with the Information Commissioner; our Data Protection Registration Number is Z5769715. We have a legal liability to ensure that personal data is processed in accordance with data protection legislation. In addition, we have a person in post who acts as Sport Wales' Data Protection Officer.

SICKNESS ABSENCE DATA

The sickness data for 2011/12 (2010/2011) is as follows:

Total Days Lost	Total Number of Employees (FTE)	Total Sick Days Lost Per Person
698.47 (1,356.37)	150.48 (143.45)	4.64 (9.46)

EMPLOYEE POLICY

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

Investing in Our People

This year will also see the roll out of our comprehensive learning framework; a systematic, planned approach to encourage quality learning and development of our staff. A blend of formal and informal learning, the framework is designed to invest in staff skills, knowledge and confidence to deliver the Vision for Sport in Wales.

PENSION SCHEME

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

PERSONAL DATA MANAGEMENT

Current Practices

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

All sources of personal and sensitive data are recorded in Sport Wales's Risk Register and assigned to managers to ensure the on-going proper maintenance and use of the data.

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

Folder and database permissions are monitored using a specific auditing tool (VaronisDatAdvantage) within the ICT department. This highlights any permission anomalies and makes recommendations for changes to ensure consistency.

Smartcards are now in force for all computer users which control access to logon and applications that have separate usernames and passwords (Single Sign-On). These provide enhanced logon security requiring a user to have a Smartcard plus unique password.

The Staff Handbook contains a section which provides guidance on data protection issues and this is available to all staff via the corporate intranet. The ICT Handbook covers all use of ICT systems by employees and gives guidance on data security protocols.

Future Data Protection Controls

Portable computer encryption was evaluated on older hardware but found to adversely affect the performance. Encryption on newer portable computer hardware is currently being tested and is expected to be implemented during third quarter of 2012. This will provide additional protection of Sport Wales data where the hardware will support it.

During 2011/12 there were no personal data related issues to report.

SUPPLIER PAYMENT POLICY AND PERFORMANCE ACHIEVED

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

Sport Wales aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, in line with these terms. During 2011/12 98% (2010/11 99%) of transactions by number were paid within 30 days. Sport Wales agree and abide by the terms of settlement with its suppliers, all variation to this procedure must be agreed in writing. Analysis of payments made during the year reveals that the payable settlement days were 3 days (2010/11 9 days). No interest was incurred by Sport Wales during the year as a result of late payments.

In line with Welsh Government policy, Sport Wales aims to pay supplier invoices within 10 days. During 2011/12 87% (2010/11 90%) of transactions by number were paid within this timescale.

FINANCIAL RISK AND CAPITAL MANAGEMENT

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

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

Liquidity Risks

Sport Wales is satisfied that it has sufficient liquid resources, in the form of cash at bank and agreed funding for 2011/12, to meet all current contracted commitments. Sport Wales considers that it is not exposed to significant liquidity risks.

Interest Rate Risks

Cash balances, which are drawn down from the Welsh Government to pay grant commitments and operating costs, are held in instant access variable rate bank accounts which on average carried an interest rate of 0.50% (2010/11 0.50%) in the year. The year-end cash balance held by Sport Wales in the bank was £500,000 (2010/11 £1,499,000).

Foreign Currency Risk

Sport Wales is not exposed to any foreign exchange risks.

Cash Flow Risk

Sport Wales is not exposed to any cash flow risk.

REMUNERATION OF AUDITORS

The Audit Committee oversees the nature and amount of non-audit work undertaken by Wales Audit Office our external auditors. During the year 2011/2012 £4,000 non audit work was undertaken by Wales Audit Office for Additional Assurance work.

Statement on Disclosure of Relevant Audit Information.

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

REMUNERATION REPORT

In accordance with Chapter 5 of the Financial Reporting Manual, Sport Wales is required to disclose the following concerning remuneration during the year of Council Members and Senior Staff with responsibility for running policy making departments. Treasury guidance requires the financial statements to disclose the cash equivalent transfer value of pensions for Sport Wales Members and Senior Staff.

Remuneration Policy

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

The Remuneration Committee which consists of Sport Wales Chair and Chair of the Audit Committee supported by Sport Wales's Human Resources Manager meets to agree the annual pay award for all staff via the Welsh Government's pay remit process.

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 for a further three year period. The Chairman is remunerated at a daily rate of £337 and is contracted to work two days per week. Other Council Members receive a daily rate of £282 and are contracted to work two days per month.

Notice Period

The Chief Executive is entitled to 4 month's notice of termination of contract by Sport Wales and the remaining Senior Staff are entitled to three month's notice of termination of contract.

Salary

"Salary" includes gross salary and performance bonuses where applicable. During the year the Chief Executive received a gross salary of £76,416, (2010/11 £76,416). No bonus payments were made to the Chief Executive or any other member of staff during the year (2010/11 £Nil). 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.

Remuneration (subject to audit)

<u>Name</u>	<u>Title</u>	<u>Salary 2011/12 £000</u>	<u>Salary 2010/11 £000</u>
Prof. Laura McAllister (from 01/04/07)	Chair	35 - 40	35 - 40
Dr Huw Jones (from 01/01/03)	Chief Executive	75 - 80	75 - 80
Mr Chris James (from 01/02/06)	Corporate Director	65 - 70	65 - 70
Mrs Anne Hamilton (from 01/09/07 to 30/09/11)	Head of Service	25 - 30* (55 - 60 full year equivalent)	55 - 60
Mr Alan Williams (from 14/12/94)	Manager Plas Menai Watersports Centre	55 - 60	55 - 60
Ms Sarah Powell (from 01/09/07)	Corporate Director	55 - 60	55 - 60
Mr Mark Frost (from 01/09/07)	Corporate Director	55 - 60	55 - 60
Mr Malcolm Zapple (from 01/04/97)	Manager Sport Wales National Centre	55 - 60	55 - 60
Ms Sian Thomas (from 06/04/09)	Corporate Director	55 - 60	50 - 55
Mrs Adele Baumgardt (reappointed from 01/04/09 to 31/03/12)	Council Member	5 - 10	5 - 10
Mr Richard Palmer (reappointed from 01/04/09 to 31/03/12)	Council Member	5 - 10	5 - 10
Cllr Robert Harris (reappointed from 01/04/09 to 31/03/12)	Council Member	5 - 10	5 - 10
Rev Hywel Davies (reappointed from 01/04/09 to 31/03/12)	Council Member	5 - 10	5 - 10

*In addition to the salary payment a redundancy payment of £91,555 was made.

<u>Name</u>	<u>Title</u>	<u>Salary 2011/12 £000</u>	<u>Salary 2010/11 £000</u>
Mr David Roberts (reappointed from 01/04/11 to 31/03/14)	Council Member	5 – 10	5 - 10
Mrs S M Thomas (from 01/04/08 to 31/03/11)	Council Member	-	5 - 10
Mr Martin J Warren (reappointed from 01/04/11 to 31/03/14)	Council Member	5 – 10	5 - 10
Dr W M Leyshon (from 01/04/08 to 31/03/11)	Council Member	-	5 - 10
Prof. John Bayliss (from 01/04/2011 to 31/03/2014)	Council Member	5 – 10	-
Mr Richard Cuthbertson (from 01/04/2011 to 31/03/2014)	Council Member	5 – 10	-
Mr Andrew Morgan (from 01/04/2011 to 31/03/2014)	Council Member	5 – 10	-
Mr Simon Pirotte (from 01/04/2011 to 31/03/2014)	Council Member	5 – 10	-
Mr Paul Thorburn (from 01/04/2011 to 31/03/2014)	Council Member	5 – 10	-
Mr Alan Watkin (from 01/05/2011 to 31/03/2014)	Council Member	5 – 10	-

Median Remuneration Ratio

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

	2011 / 12	2010 / 11
Band of Highest Paid Director's Total Remuneration (£ '000)	75 - 80	75 - 80
Median Total Remuneration	18,737	16,708
Ratio	4.1	4.6

The ratio was calculated using the following assumptions:

- a) Only salaries for staff paid through the payroll has been used (excludes agency/seasonal staff as not material),
- b) Annualised salary figures are calculated using an appropriate cut-off date for starters and leavers during the year, and
- c) 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 as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid director in Sport Wales in the financial year 2011-12 was £75,000-80,000 (2010-11 £75,000-80,000). This was 4.1 times (2010-11 4.6 times) the median remuneration of the workforce, which was £18,737 (2010-11 £16,708).

The reduction in the ratio has occurred due to a restructuring exercise that took place during 2011-12 which has reduced the number of seasonal & permanent employees. All other factors used in calculating the ratio have remained constant i.e. no change to the highest-paid director and salaries, due to a pay freeze.

Pension Benefits (subject to audit)

Name	Real increase in Pension (and lump sum) at age 65	Total accrued Pension at age 65 at 31 March 2012 (lump sum)	CETV at 31 March 2012	CETV at 31 March 2011** (restated)	Real Increase/ (Decrease) CETV in Year
	£000	£000	£000	£000	£000
Dr Huw Jones <i>Chief Executive</i>	0 – 2.5 (-2.5 – 0.0)	25 – 30 (65 – 70)	525	493	26
Mr Chris James <i>Corporate Director</i>	0 – 2.5 (-2.5 – 0.0)	5 – 10 (10 – 15)	136	122	9
Mrs Anne Hamilton <i>Head of Service</i>	0 – 2.5 (-2.5 – 0.0)	10 – 15 (30 – 35)	203	193	8
Mr Alan Williams <i>Manager Plas Menai Watersports Centre</i>	0 – 2.5 (-2.5 – 0.0)	20 – 25 (45 – 50)	385	360	21
Ms Sarah Powell <i>Corporate Director</i>	0 – 2.5 (-2.5 – 0.0)	10 – 15 (20 – 25)	130	116	10
Mr Malcolm Zapple <i>Manager Sport Wales National Centre</i>	0 – 2.5 (-2.5 – 0.0)	15 – 20 (45 – 50)	320	300	16
Mr Mark Frost <i>Corporate Director</i>	0 – 2.5 (-2.5 – 0.0)	10 – 15 (15 – 20)	155	140	11
Ms Sian Thomas <i>Corporate Director</i>	0 – 2.5 (0.0 – 2.5)	0 – 5 (0 – 5)	39	29	6

**The actuarial factors used to calculate CETVs were changed in 2011/12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors, for consistency. The CETVs at 31/3/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

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

Real Increase in CETV

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

ACCOUNTING OFFICER: Dr H G Jones
10 July 2012

STATEMENT OF COUNCIL'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

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

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

- observe the accounts direction issued by Welsh Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departure in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The Principal Accounting Officer for the Welsh Ministers has appointed the Chief Executive as the Accounting Officer for Sport Wales. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for the keeping of proper records, and for safeguarding Sport Wales's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury.

ACCOUNTING OFFICER: Dr H G Jones
10 July 2012

ANNUAL GOVERNANCE STATEMENT 2011/2012

Introduction

HM Treasury has announced that for the 2011/12 financial year and onwards, the Annual Statement on internal Control will be replaced by a requirement to produce a Governance Statement in our annual report and accounts. By uniting disclosures formerly required to be made in the Statement on Internal Control with other existing requirements to publish a comprehensive explanation of organisational governance, 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 2011 Corporate Governance Code and believe that Sport Wales has fully complied with the relevant elements of the code in respect of both its Exchequer and Lottery functions.

CORPORATE GOVERNANCE

The Board

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

The Sport Wales Board is made up of Chair, a vice chair and up to twelve other members all of whom are appointed by the Welsh Government.

During the financial year the Board met on seven occasions to review strategies and policies, to receive verbal reports back from working groups and the Audit Committee and to receive and consider financial reports. The information provided to board members was considered more than adequate evidenced by the Governance Questionnaire completed by board members.

During the year, and including the position of the Chair, Sport Wales operated with thirteen board members. The attendances for both the Board and the Audit Committee are shown in the table below.

Board Member	Board Meeting (Number of meetings attended)	Audit Committee (Number of meetings attended)
Prof. L McAllister (Chair)	7	Not Applicable
A.Baugmgardt	7	Not Applicable
Rev. H Meredydd	5	Not Applicable
R Harris *	1	Not Applicable
A Morgan	7	Not Applicable
S Pirotte	6	Not Applicable
D Roberts	7	Not Applicable
P Thornburn	7	Not Applicable
M Warren (Audit Chair)	6	4
A Watkin	7	4
Prof. J Baylis	7	4
R Cuthbertson	6	3
R Palmer	6	2
(External members – Audit Committee only)		
S Blair	Not Applicable	3
K Evans	Not Applicable	2
Overall Percentage Attendance rate	86.8%	78.5%

* Absences notified to and agreed by the Board Chair.

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

- Two permanent committees. The Audit Committee and the Remuneration Committee;
- Task and finish groups approved by the Board. During 2011/12 four such groups were established; and finally
- The Executive Management Team and staff structure.

Audit Committee

The Council has established an Audit Committee to support them in their responsibilities for issues of risk, control and governance and associated assurance by:

- Reviewing the comprehensiveness of assurances in meeting the Council's/ Accounting Officer's assurance needs;
- Reviewing the reliability and integrity of these assurances;
- Providing an opinion on how well the Council and Accounting Officer are supported in decision making and in discharging their accountability obligations (particularly in respect of Financial Reporting).

The Audit Committee consists of five Board members and two external members. The committee met four times during the year and there was an overall member's attendance rate of 78.5%.

Over the year the committee reviewed:

- the operation of the risk management review framework;
- internal audit reports and the annual internal audit report;
- the Annual Report and accounts;
- observations made by external audit, particularly the annual management letter and the Additional Assurance Report; and
- compliance with the Management Statement and Financial Memorandum issued by the Welsh Government as well as compliance with the Lottery Statement of Financial Requirement; and
- Provided a mechanism for assurance to the Board.

The Audit Committee Chair reports back verbally to the Board at every Board meeting. In addition the Chair usually presents a formal report on the committee's work to the Board.

In 2011/12 there were no information risk issues or significant control weaknesses to report.

Remuneration Committee

The Chair and Vice Chair of the Board and the Chair of the Audit Committee sit on the Remuneration Panel along with Sport Wales officers. Officers of Sport Wales will remove themselves from discussion where there is a conflict of interest.

The role of the panel is to ensure pay awards comply with Welsh Government guidelines and that they are affordable. Due to the public sector pay freeze, the committee did not meet during 2011/12.

Task and finish groups

Task and finish groups are appointed by the Board as and when required. The groups are made up of Board members appointed by the Chair and officers of Sport Wales. They are tasked with providing additional help and advice to the Board within specific themes and meet on an ad-hoc basis.

During 2011/12 the following task and finish groups were operational:

1. The members advocacy group;
2. The local government advocacy group;
3. The focus 2014 group; and
4. The performance management group.

A Chair is appointed to each task and finish group who then reports back verbally at Board meetings.

The Executive Senior Management Team

The Executive Senior Management Team consists of the Chief Executive (also the Accounting Officer) and the four Corporate Directors.

The Executive, under the leadership of the Chief Executive, is responsible to the Board for the implementation of strategy and policies and the reporting thereof.

The Executive meets at regular intervals and monitors progress against the Business Plan through quarterly monitoring and reporting.

National governing body and local authority investment plans are discussed with partners every year. On the basis of the work required and the outputs and outcomes to be achieved, the funding level is determined. The finalised grant funding levels are approved by the Board every year. Officers of Sport Wales monitor partner progress against planned objectives throughout the year.

Board and Committee Effectiveness

Board and committee effectiveness is reviewed every year during one, or sometimes two, Board away day sessions. During 2011/12 an away day reflective session was held in November 2011.

In the furtherance of being more effective, the Board considered the following:

1. How a better alignment of the Board and Senior Management Team (the Executive) could be achieved;
2. The restructuring of Board papers so that they align with the Sport Wales Vision document; and
3. A reflection on the principles of behaviour and how these behaviours could be improved to make for more effective ways of working.

As a result of the above review the following points of action were agreed:

1. That the Board should engage in high level scrutiny of the implementation of strategy by the Executive;
2. That the Board should be involved at a much earlier stage in policy development and not presented with policies just for sign off;
3. That the Board will oversee and scrutinise leadership and performance management skills of the Executive; and
4. The Board members will reflect on how to improve the working relationship between Board members and the Executive.

In addition to the away day reflective sessions, the Chair commenced a process of informal one to one meetings with Board members during 2011/12.

The Board considers the quality of data provided to them to be sufficient to meet their assurance / decision making needs.

RISK MANAGEMENT

The purpose of the system of internal control

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

The system of internal control has been in place at Sport Wales for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. Finally the system of internal control provides reasonable assurance that Sport Wales has complied with the Lottery financial directions and that adequate processes are in place for the detection of conflicts of interest and to minimise losses of Lottery grants.

Capacity to handle risk

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

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

New risks can be identified by officers of Sport Wales, the Audit Committee or the Board. When a new risk has been identified, and it is considered to be a significant risk, it is inserted into the Risk Register and assigned to a Corporate Director and / or manager.

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

The risk and control framework

The risk management strategy defines how risk managed by Sport Wales is identified, assessed and controlled. Business, financial and service delivery risks are derived from organisational objectives and the business planning process of Sport Wales.

During 2011/12 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via Sport Wales's internal network.

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

During 2011/12 the policy of requesting managers to attend audit committees continued. In attending the committees, managers talked through their sections of the Risk Register, with an emphasis on explaining the controls they had in place to prevent the risk actually happening.

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

Risk appetite is also reviewed every year by the Audit Committee. This process reviews the amount of risk Sport Wales is prepared to tolerate against seven headings. These headings are Funding; Governance and Risk Management; Reputation and Partnerships; Legislation and Compliance; Financial Controls; Grants Payments and finally, Operational issues.

The above review produces a matrix upon which are mapped the risk tolerances and the number of internal audit findings against each of the seven headings and then subdivided under each heading into four groups ranging from low risk to very high risk.

No audit findings were classified as being of "high" or "very high" risk. Also, as a result of this review, no new significant risks were identified.

Internal Control

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

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

The internal audit service of the Sports Council for Wales during 2011-12 was provided by KTS Owens Thomas Ltd, which operated to standards defined in the Government Internal Audit Manual. Internal audit submit regular reports which include the Head of Internal Audit's independent annual opinion on the adequacy and effectiveness of Sport Wales's system of internal control, together with recommendations for improvement.

The Annual Internal Audit Report for the year states "The Work we have undertaken during the year has not highlighted any fundamental weaknesses in the organisation's governance and risk management arrangements and we are satisfied that Sport Wales, in general, is aware of the need for, and operates adequate control systems". The report goes on to state " On the basis of the work we have undertaken during the year and the action agreed with managers to resolve some of the weaknesses identified, we believe that Sport Wales can be satisfied that its systems provide the basis for enabling effective financial and management control".

Every year the Audit Committee produces an Annual Report of their work to the Board of Sport Wales. This report will identify any concerns, if any, relating to the adequacy of the risk management systems in place at Sport Wales.

Ongoing Developments

Whilst the current system of internal control is strong, nevertheless there are always areas which will benefit from the implementation of improvements. With this ethos of continuous improvement in mind, controls will be improved during 2012/13 by actioning the following:

- To revise the format of the existing Risk Register as agreed at the March 2012 Audit Committee to facilitate the easier presentation and communication of significant corporate risks to the board of Sport Wales;
- To replace the current Risk Register with a web based version to allow for easier access and updating by all managers regardless of their physical location;
- To strengthen budgetary controls by requesting all budget holder's must sign (via Outlook) for their budgets whilst at the same time accepting they must comply with the financial procedures of Sport Wales;
- To strengthen the finance function through the recruitment of a qualified accountant; and to
- Continue with the "away day" reviews of the Board's effectiveness and develop this process further via the Performance Management Group.

ACCOUNTING OFFICER: Dr H G Jones

Date: 10 July 2012

The Certificate and Report of the Auditor General for Wales to the Sports Council for Wales

I certify that I have audited the consolidated financial statements of the Sports Council for Wales for the year ended 31 March 2012 by agreement as provided for under paragraph 18(3) of Schedule 8 to the Government of Wales Act 2006. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position and Consolidated Statement of Financial Position, Consolidated Statement of Cashflows and Consolidated Statement of Changes in Taxpayers' Equity and the related notes. These consolidated financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Council, Chief Executive and auditor

As explained more fully in the Statement of Council's and Chief Executive's Responsibilities, the Chief Executive as Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report and the financial statements, in accordance with the Government of Wales Act 2006 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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 Annual Report, comprising History and statutory background, Registered office, Declarations of interest, Risk identification and management, Data protection, Sickness absence data, Employee policy, Pension scheme, Personal data management, Supplier payment policy and performance achieved, Financial risk and capital management, Remuneration of auditors and the unaudited part of the Remuneration Report, to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the Sports Council for Wales' consolidated affairs as at 31 March 2012 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 have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions made under the Government of Wales Act 2006; and
- the information which comprises the Board, Management Commentary, End of Year position, Environmental, social and community issues, Factors affecting the future performance and development included within the Annual Report is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Huw Vaughan Thomas

Auditor General for Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Date: 25 July 2012

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE SPORTS COUNCIL
FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST FOR THE YEAR ENDED
31 March 2012**

		<u>2011/2012</u>	<u>2010/2011</u>
	Note	£000	£000
EXPENDITURE			
Grant Expenditure	5	20,261	20,705
Staff Costs	6	5,397	6,639
Past service costs (RPI – CPI)	18	-	(3,950)
Other Expenditure	7	4,516	4,335
Depreciation: owned assets	9	578	580
		<hr/>	<hr/>
		30,752	28,309
 INCOME			
Income from Activities	3	2,642	2,921
Other Income	3	34	25
		<hr/>	<hr/>
		2,676	2,946
Net Expenditure		(28,076)	(25,363)
Pension Finance Cost		(280)	(320)
Surplus on Disposal of Property, Plant & Equipment	8	10	7
Interest Receivable		3	3
		<hr/>	<hr/>
		(267)	(310)
Net Expenditure after interest and before taxation		(28,343)	(25,673)
Taxation Payable		-	-
		<hr/>	<hr/>
Net Expenditure after Taxation		(28,343)	(25,673)
		<hr/>	<hr/>
Other Comprehensive Expenditure			
Net loss on revaluation of Property, Plant and Equipment		81	432
Actuarial loss pension		4,100	1,680
		<hr/>	<hr/>
Total Comprehensive Net Expenditure for the year ended		(32,524)	(27,785)
		<hr/>	<hr/>

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 £28,343,000 (2010/2011 £25,673,000).

The notes on pages 32 to 52 form part of these accounts

STATEMENT OF FINANCIAL POSITION OF THE SPORTS COUNCIL FOR WALES
AS AT 31 March 2012

	Note	<u>At 31 March</u> <u>2012</u> <u>£000</u>	<u>At 31 March</u> <u>2011</u> <u>£000</u>
Non-current assets			
Property, Plant and Equipment	9(a)	337	323
Total non-current assets		<u>337</u>	<u>323</u>
Current assets			
Trade and other receivables	10	4,137	4,753
Cash and cash equivalents		<u>500</u>	<u>1,499</u>
Total current assets		4,637	6,252
Total assets		<u>4,974</u>	<u>6,575</u>
Current liabilities			
Trade and other payables	11	(501)	(685)
Grant accruals	12	(64)	(90)
Provision – employee redundancies	19	(50)	(754)
Total current liabilities		<u>(615)</u>	<u>(1,529)</u>
Non-current assets plus net current assets		<u>4,359</u>	<u>5,046</u>
Non-current liabilities			
Pension Liabilities	18	<u>(17,190)</u>	<u>(13,000)</u>
Total non-current liabilities		(17,190)	(13,000)
Assets less liabilities		<u>(12,831)</u>	<u>(7,954)</u>
Taxpayers' equity			
General fund		4,359	5,046
Pension reserve		(17,190)	(13,000)
Revaluation reserve		-	-
		<u>(12,831)</u>	<u>(7,954)</u>

The notes on pages 32 to 52 form part of these accounts

The financial statements were approved by the Audit Committee on 10/07/2012 and were signed on its behalf by;

ACCOUNTING OFFICER: DR. H G Jones (Chief Executive)
10 July 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE SPORTS COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST AS AT 31 March 2012

	Note	At 31 March 2012 £000	At 31 March 2011 £000
Non-current assets			
Property, Plant and Equipment	9(b)	18,203	18,299
Total non-current assets		<u>18,203</u>	<u>18,299</u>
Current assets			
Trade and other receivables	10	4,137	4,753
Cash and cash equivalents	14	504	1,503
Total current assets		<u>4,641</u>	<u>6,256</u>
Total assets		<u>22,844</u>	<u>24,555</u>
Current liabilities			
Trade and other payables	11	(501)	(685)
Grant accruals	12	(64)	(90)
Provision – employee redundancies	19	(50)	(754)
Total current liabilities		<u>(615)</u>	<u>(1,529)</u>
Non-current assets plus net current assets		<u>22,229</u>	<u>23,026</u>
Non-current liabilities			
Pension Liabilities	18	(17,190)	(13,000)
Total non-current liabilities		<u>(17,190)</u>	<u>(13,000)</u>
Assets less liabilities		<u>5,039</u>	<u>10,026</u>
Taxpayers' equity			
General fund		14,213	14,531
Pension reserve		(17,190)	(13,000)
Revaluation reserve		8,016	8,495
		<u>5,039</u>	<u>10,026</u>

The notes on pages 32 to 52 form part of these accounts

The financial statements were approved by the Board on 10/07/2012 and were signed on its behalf by;

ACCOUNTING OFFICER: DR. H G Jones (Chief Executive)

**CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE SPORTS COUNCIL FOR WALES
AND THE SPORTS COUNCIL FOR WALES TRUST FOR YEAR ENDED 31 March 2012**

Cash flow from operating activities

		<u>2011/2012</u>	<u>2010/2011</u>
		£000	£000
Net Deficit after interest	Note	(28,343)	(25,673)
Depreciation of property, plant & equipment	9(b)	578	580
Past service costs (RPI – CPI)	18	-	(3,950)
Pension costs	18	90	100
Surplus on disposal of property, plant & equipment	8	(10)	(7)
Interest received	13	(3)	(3)
Decrease in trade and other receivables	10	616	719
(Decrease)/Increase in trade payables	11	(184)	242
(Decrease)/Increase in grant accruals	12	(26)	6
(Decrease)/Increase in provision for redundancies	6(a)	(704)	754
		<hr/>	<hr/>
Net cash outflow from operating activities		<u>(27,986)</u>	<u>(27,232)</u>

Cash flows from investing activities

Purchase of property, plant and equipment	13	(553)	(621)
Interest received	13	3	3
		<hr/>	<hr/>
Net cash outflow from investing activities		<u>(550)</u>	<u>(618)</u>

Cash flows from financing activities

Net cash used in financing activities		(28,536)	(27,850)
Funding received from the Welsh Government	13	27,537	28,906
		<hr/>	<hr/>
Net (Decrease)/Increase in cash and cash equivalents		<u>(999)</u>	<u>1,056</u>

Net increase / (decrease) in cash & cash equivalents in the period

Cash and cash equivalents at the beginning of the period		1,503	447
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	14	<u>504</u>	<u>1503</u>
		<hr/>	<hr/>
		<u>(999)</u>	<u>1,056</u>

The notes on pages 32 to 52 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 2011**

	<u>Revaluation Reserve</u>	<u>General Fund</u>	<u>Pension Reserve</u>	<u>Total</u>
	£000	£000	£000	£000
Balance at 1 April 2010	9,327	14,748	(15,170)	8,905
Comprehensive Expenditure for the year	-	(25,673)	-	(25,673)
Funding received	-	28,906	-	28,906
Revaluation of tangible fixed assets	(432)	-	-	(432)
Pension costs	-	100	(100)	-
Past service cost (note 18)	-	(3,950)	3,950	-
Transfer to general fund	(400)	400	-	-
Actuarial loss	-	-	(1,680)	(1,680)
Funds at 31 March 2011	8,495	14,531	(13,000)	10,026

The notes on pages 32 to 52 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 2012**

	<u>Revaluation Reserve</u>	<u>General Fund</u>	<u>Pension Reserve</u>	<u>Total</u>
	£000	£000	£000	£000
Balance at 1 April 2011	8,495	14,531	(13,000)	10,026
Comprehensive Expenditure for the year	-	(28,343)	-	(28,343)
Funding received	-	27,537	-	27,537
Revaluation of tangible fixed assets	(81)	-	-	(81)
Pension costs	-	90	(90)	-
Past service cost (note 18)	-	-	-	-
Transfer to general fund	(398)	398	-	-
Actuarial loss	-	-	(4,100)	(4,100)
Funds at 31 March 2012	8,016	14,213	(17,190)	5,039

The funds in Sport Wales's own non-consolidated accounts at 31 March 2012 were £(12,831,000), (31 March 2011 (£7,954,000)) with £17,870,000 (2010/11 £17,980,000) attributable to the Sports Council for Wales Trust.

The notes on pages 32 to 52 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 2012

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (IFRS based FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Sport Wales for the purpose of giving a true and fair view has been selected. The particular policies adopted by Sport Wales are described below. These have been applied consistently in dealing with items that are considered material to the accounts. The Sports Council for Wales Trust accounts were prepared on a different basis to adhere to the Statement of Recommended Practice (SORP) issued by the Charity Commissioners for England and Wales in 2005. Sport Wales's view on the use of different basis is that any differences are not likely to be material.

1.1 Basis of accounting

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

1.2 Funding

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

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

1.3 Property Plant & Equipment

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

Equipment and vehicles are included in the statement of financial position at historic cost less a provision for depreciation. In the opinion of Sport Wales, there is no material difference between the historic and current cost net book values of these assets. The threshold for capitalisation of assets is £5,000 for Sport Wales and £1,000 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	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.

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 21% (21% 2011) of the interest accruing on Sport Wales's investment income, but not that of the Trust.

Note 20 – The policy of Sport Wales is to treat over declared Output tax reclaimed from Revenue as cost recovery income. As such any over declared income received from Revenue is not shown as income but netted off the expenditure incurred.

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 18 – 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.

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

1.11 Financial Instruments

1.11.1 Trade receivables

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

1.11.2 Cash and cash equivalents

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

1.11.3 Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

1.11.4 Borrowings

There are no interest bearing loans or overdrafts.

1.12 Impairment

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

1.13 Provisions – Employee redundancies

In 2010-11, the Sports Council for Wales approved a restructuring exercise in respect of sports development. As a result of this exercise, a number of posts were made redundant. Since a detailed plan was in place at the date of the 2010-11 financial statements, consistent with International Accounting Standard (IAS) 19, Employee Benefits, a provision was established for the related costs at 31 March 2011. During 2011-12, the Sports Council for Wales has conducted further reviews and as a result of which additional posts have been made redundant. During 2011-12, staff have left the organisation. Movements in provision have been recognised accordingly for this, as well as the estimate of additional costs. The balance on the provision at 31 March 2012 recognises an estimate of the costs of the posts to be made redundant in 2012-13. These have been calculated as per the Sport Wales policy which is detailed in the staff handbook. Further information is set out at Note 19.

2. SEGMENT INFORMATION

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

The Sport Wales reports segmental information based on the management information produced in accordance with the FREM.

	<u>Plas Menai National Watersport Centre</u>	<u>Sport Wales National Centre</u>	<u>Sports Development</u>	<u>Total 2011/2012</u>	<u>2010/2011</u>
	£000	£000	£000	£000	£000
Expenditure:					
Grant expenditure	-	-	20,488	20,488	20,546
Staff costs	945	1,272	1,860	4,077	4,506
Other expenditure	858	1,201	647	2,706	2,732
	1,803	2,473	22,995	27,271	27,784
Income:					
Revenue	1,246	1,876	2,762	5,884	6,285
Net operating costs	557	597	20,233	21,387	21,499
Segment property plant & equipment	5,255	12,787	161	18,203	18,299

2. SEGMENT INFORMATION - CONTINUED

A reconciliation of the segment expenditure and income to the figures in the Net Expenditure Account are provided below.

	£000
Grant expenditure – segment information	20,488
Grant expenditure items shown as other expenditure	6
Consolidation adjustment – Internal recharges	(233)
Grant expenditure (Note 5)	<u>20,261</u>

	£000
Staff costs – segment information	4,077
HQ Staff costs	1,161
Sport Development Staff costs	193
Provision for redundancies	50
Pension adjustment	(190)
Other items	106
Staff costs (Note 6)	<u>5,397</u>

	£000
Other Expenditure – segment information	2,706
Central support services	654
Other items	1,156
Other expenditure (Note 7)	<u>4,516</u>

	£000
Revenue – segment information	5,884
Consolidation adjustment	(345)
Consolidation adjustment – Internal recharges	(233)
PESS Income posted straight to reserves	(2,498)
Let's Walk Cymru income posted straight to reserves	(181)
Other items	49
Revenue (Note 3)	<u>2,676</u>

3. INCOME

	<u>2011/2012</u> £000	<u>2010/2011</u> £000
Income from activities:		
Sports Development Grants:		
Mentro Allan	71	87
Other	28	25
	<u>99</u>	<u>112</u>
National Sports Centres	<u>2,543</u>	<u>2,809</u>
	2,642	2,921
Other operating income:		
Recovery of grants	12	16
Other income	22	9
	<u>34</u>	<u>25</u>
Total Income	<u>2,676</u>	<u>2,946</u>

4. GRANTS RECEIVABLE FROM GOVERNMENT

(a)

	<u>2011/2012</u> <u>£000</u>	<u>2010/2011</u> <u>£000</u>
Transferred to general fund	<u>27,537</u>	<u>28,906</u>

5. GRANT EXPENDITURE

	<u>2011/2012</u> <u>£000</u>	<u>2010/2011</u> <u>£000</u>
Let's Walk Cymru	241	206
Performance and Excellence	7,963	6,896
PE and School Sport	1,627	2,542
People and Programme Development	62	177
Regions	10,368	10,598
SportsMatch	-	286
	<u>20,261</u>	<u>20,705</u>
Public Sector	12,480	11,520
Private Sector	<u>7,781</u>	<u>9,185</u>
	<u>20,261</u>	<u>20,705</u>

6. STAFF COSTS

(a)

	<u>2011/2012</u> <u>£000</u>	<u>2010/2011</u> <u>£000</u>
Permanent:		
Salaries and Wages	5,156	5,897
Provision for redundancies	396	754
Staff on secondment	(43)	(25)
Social Security Costs	402	429
Pension Service Costs and Other Costs (Note 18)	790	970
	<u>6,701</u>	<u>8,025</u>
Agency and instructional staff	128	161
Less: Allocated to SPORTLOT	<u>(1,432)</u>	<u>(1,547)</u>
	<u>5,397</u>	<u>6,639</u>

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

	<u>2011/2012</u> No	<u>2010/2011</u> No
Total	150.5	165.5

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

(c) Compensation schemes – exit packages

Exit package cost band	Number of redundancies	
	2011-12	2010-11
< £10,000	0	0
£10,000 - £25,000	6	2
£25,000 - £50,000	10	1
£50,000 - £100,000	7	4
£100,000 - £150,000	1	0
Total number of exit packages	24	7
Total resource cost (£)	1,100,000	335,000

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

7. OTHER EXPENDITURE

	<u>2011/2012</u> £000	<u>2010/2011</u> £000
Auditor's Fees – Audit services	25	25
Other work	4	4
Travelling, subsistence and hospitality expenses of:		
Members	24	14
Headquarters staff	45	44
National Sports Centres	3	2
Sports Development	130	126
Central support services	877	791
Marketing and communications	973	895
Research	585	646
Interest payable to Welsh Government	2	2
Other Expenditure:		
National Sports Centres	1,779	1,425
Sports Development	69	357
Operating leases	-	-
Movement in provision for doubtful debts	-	4
	<u>4,516</u>	<u>4,335</u>

8. DISPOSAL OF PROPERTY, PLANT & EQUIPMENT

	<u>2011/2012</u> £000	<u>2010/2011</u> £000
Gross book value	203	175
Accumulated depreciation	(201)	(165)
Net book value	2	10
Proceed from sale	12	17
Surplus on sale of asset	10	7

9. PROPERTY, PLANT & EQUIPMENT

(a) Council:

	<u>Equipment</u> £000	<u>Vehicles</u> £000	<u>ICT</u> £000	<u>Total</u> £000
Cost or Valuation as 1 April 2010	226	50	179	455
Additions	72	38	20	130
Disposals	(2)	-	(2)	(4)
At 31 March 2011	<u>296</u>	<u>88</u>	<u>197</u>	<u>581</u>
Depreciation at 1 April 2010	(69)	(23)	(59)	(151)
Charge for the year	(44)	(12)	(54)	(110)
Disposals	1	-	2	3
At 31 March 2011	<u>(112)</u>	<u>(35)</u>	<u>(111)</u>	<u>(258)</u>
Net Book Value at 31 March 2011	<u>184</u>	<u>53</u>	<u>86</u>	<u>323</u>
Net Book Value at 1 April 2010	<u>157</u>	<u>27</u>	<u>120</u>	<u>304</u>

	<u>Equipment</u> £000	<u>Vehicles</u> £000	<u>ICT</u> £000	<u>Total</u> £000
Cost or Valuation as 1 April 2011	296	88	197	581
Additions	84	14	48	146
Disposals	(15)	-	(7)	(22)
At 31 March 2012	<u>365</u>	<u>102</u>	<u>238</u>	<u>705</u>
Depreciation at 1 April 2011	(112)	(35)	(111)	(258)
Charge for the year	(53)	(16)	(61)	(130)
Disposals	13	-	7	20
At 31 March 2012	<u>(152)</u>	<u>(51)</u>	<u>(165)</u>	<u>(368)</u>
Net Book Value at 31 March 2012	<u>213</u>	<u>51</u>	<u>73</u>	<u>337</u>
Net Book Value at 1 April 2011	<u>184</u>	<u>53</u>	<u>86</u>	<u>323</u>

(b) Consolidated:

	<u>Plas Menai Freehold land and buildings</u>	<u>Sport Wales National Centre buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>ICT</u>	<u>Total</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 2010	5,345	12,815	2,009	156	341	20,666
Additions	-	507	71	39	21	638
Disposals	-	-	(108)	(25)	(42)	(175)
Revaluation	(220)	(612)	-	-	-	(832)
At 31 March 2011	<u>5,125</u>	<u>12,710</u>	<u>1,972</u>	<u>170</u>	<u>320</u>	<u>20,297</u>
Depreciation at 1 April 2010	-	-	(1,656)	(128)	(199)	(1,983)
Charge for the year	(141)	(259)	(105)	(14)	(61)	(580)
Disposals	-	-	107	25	33	165
Revaluation	141	259	-	-	-	400
At 31 March 2011	<u>-</u>	<u>-</u>	<u>(1,654)</u>	<u>(117)</u>	<u>(227)</u>	<u>(1,998)</u>
Net Book Value at 31 March 2011	<u>5,125</u>	<u>12,710</u>	<u>318</u>	<u>53</u>	<u>93</u>	<u>18,299</u>
Net Book Value at 1 April 2010	<u>5,345</u>	<u>12,815</u>	<u>353</u>	<u>28</u>	<u>142</u>	<u>18,683</u>
Cost or Valuation at 1 April 2011	5,125	12,710	1,972	170	320	20,297
Additions	40	379	84	14	48	565
Disposals	-	-	(126)	(28)	(49)	(203)
Revaluation	(115)	(364)	-	-	-	(479)
At 31 March 2012	<u>5,050</u>	<u>12,725</u>	<u>1,930</u>	<u>156</u>	<u>319</u>	<u>20,180</u>
Depreciation at 1 April 2011	-	-	(1,654)	(117)	(227)	(1,998)
Charge for the year	(139)	(259)	(96)	(16)	(68)	(578)
Disposals	-	-	124	28	49	201
Revaluation	139	259	-	-	-	398
At 31 March 2012	<u>-</u>	<u>-</u>	<u>(1,626)</u>	<u>(105)</u>	<u>(246)</u>	<u>(1,977)</u>
Net Book Value at 31 March 2012	<u>5,050</u>	<u>12,725</u>	<u>304</u>	<u>51</u>	<u>73</u>	<u>18,203</u>
Net Book Value at 1 April 2011	<u>5,125</u>	<u>12,710</u>	<u>318</u>	<u>53</u>	<u>93</u>	<u>18,299</u>

Included in Plas Menai Freehold land and buildings is land valued at £175,000 (2010/11 £175,000) The land and buildings held by the SCW Trust were independently valued as at 31 March 2012 at £17,775,000 by Messrs Cooke & Arkwright, Chartered Surveyors in accordance with the Royal Institute Chartered Surveyors appraisal and valuation manual. This valuation excludes the land at Welsh Institute of Sport, which is leasehold.

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

Council and Consolidated:

	<u>At</u> <u>31 March</u> <u>2012</u> <u>£000</u>	<u>At</u> <u>31 March</u> <u>2011</u> <u>£000</u>
Trade receivables	452	367
SPORTLOT	185	187
VAT	74	22
Prepayments and accrued income	262	231
Grant prepayment	1,672	2,834
Grant repayable	1,496	1,116
Provision for bad and doubtful debts	(4)	(4)
Central government bodies	-	-
	<hr/> 4,137	<hr/> 4,753
	<u>At</u> <u>31 March</u> <u>2012</u> <u>£000</u>	<u>At</u> <u>31 March</u> <u>2011</u> <u>£000</u>
Intra-government balances		
Balances with other central government bodies	261	213
Balance with local authorities	1,557	1,222
	<hr/> 1,818	<hr/> 1,435
Balance with bodies external to government	2,319	3,318
	<hr/> 4,137	<hr/> 4,753

11. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Council and Consolidated:

	<u>At</u> <u>31 March</u> <u>2012</u> <u>£000</u>	<u>At</u> <u>31 March</u> <u>2011</u> <u>£000</u>
Trade payables	41	83
Other payables	1	110
Accruals	287	342
Deferred income	172	150
Central government bodies	-	-
	<hr/> 501	<hr/> 685

Intra-government balances

Balances with other central government bodies

Balance with local authorities

Balance with bodies external to government

	<u>At</u> <u>31 March</u> <u>2012</u> <u>£000</u>	<u>At</u> <u>31 March</u> <u>2011</u> <u>£000</u>
	-	-
	-	14
	-	14
	<hr/> 501	<hr/> 671
	<hr/> 501	<hr/> 685

12. GRANT ACCRUALS

Council and Consolidated:

	<u>At</u> <u>31 March</u> <u>2012</u> <u>£000</u>	<u>At</u> <u>31 March</u> <u>2011</u> <u>£000</u>
Accrued Grants	<hr/> 64	<hr/> 90

13. GROSS CASH FLOWS

	<u>2011/2012</u> <u>£000</u>	<u>2010/2011</u> <u>£000</u>
Cash Flows From Investing Activities		
Interest received	3	3
Capital Expenditure and Financial Investment		
Payments to acquire property, plant and equipment	(565)	(638)
Receipts from the sale of property, plant and equipment	12	17
	(553)	(621)
Cash Flows From Financing Activities		
Funding received from the Welsh Government (note 4)	27,537	28,906

14. CASH AND CASH EQUIVALENTS

	<u>2011/2012</u> <u>£000</u>	<u>2010/2011</u> <u>£000</u>
Balance at 1 April	1,503	447
Net change in cash and cash equivalent balances	(999)	1,056
Balance at 31 March	504	1,503
The following balances at 31 March were held at:		
Commercial banks and cash in hand	504	1,503
Balance at 31 March	504	1,503

15. CAPITAL COMMITMENTS AT NATIONAL SPORTS CENTRES

	<u>31 March</u> <u>2012</u> <u>£000</u>	<u>31 March</u> <u>2011</u> <u>£000</u>
Contracted but not paid	22	12

16. FINANCIAL INSTRUMENTS

Sport Wales relies mainly on Welsh Government voted funding, income from activities and Lottery Awards to finance its operations. Other than items such as trade receivables and trade payables that arise from its operations and cash resources, it holds no other financial instruments nor enters into derivative transactions.

Liquidity Risks

Sport Wales is satisfied that it has sufficient liquid resources, in the form of cash at bank and agreed funding for 2011/12, to meet all current contracted commitments. Sport Wales considers that it is not exposed to significant liquidity risks.

Interest Rate Risks

Cash balances, which are drawn down from the Welsh Government to pay grant commitments and operating costs, are held in instant access variable rate bank accounts which on average carried an interest rate of 0.50% (2010/11 0.50%) in the year. The year-end cash balance held by Sport Wales in the bank was £500,000 (2010/11 £1,499,000).

Foreign Currency Risk

Sport Wales is not exposed to any foreign exchange risks.

Cash Flow Risk

Sport Wales is not exposed to any cash flow risks.

17. CONTINGENT LIABILITIES

At the year-end there is one claim outstanding against Sport Wales. The basis of the claim is being contested, but in the event that the Court finds against Sport Wales there may be a liability to pay damages and costs. The maximum potential liability relating to the case is not disclosed here as such disclosure could prejudice Sport Wales's position and/or a reliable estimate cannot be made of their liability.

18. 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.

The latest triennial valuation of the Fund was carried out as at 31 March 2010 and 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.

The actuarial valuation at 31 March 2012 showed an increase in the deficit from £13,000,000 to £17,190,000. Sport Wales's contribution to the fund for the year to 31 March 2012 amounted to £1,110,000 (2010/11 £1,190,000) at a rate of 21.5% (2010/11 21.9%) of pensionable remuneration. From 2012/13 the rate will be 21.5%. Included within the total contribution was £133,000 of advanced contributions in respect of the early retirement costs following the redundancies of members of staff.

Sport Wales expects to contribute £1,020,000 to the fund in 2012/13. In addition to this "strain on fund" contributions may be required.

Main Financial Assumptions

	31 March 2012	31 March 2011
	(% p.a)	(% p.a)
Inflation – CPI	2.6	2.8
Rate of general Increase in salaries	4.6	4.7
Rate of increase to pensions in payment	2.6	2.8
Rate of increase to deferred pensions	2.6	2.8
Discount rate	4.8	5.4
Expected return on assets	7.2	7.7
Mortality assumptions:		
Future lifetime from age 65 (aged 65 at accounting date)		
- Male	23.9	23.8
- Female	26.7	26.6
Future lifetime from age 65 (aged 45 at accounting date)		
- Male	25.6	25.6
- Female	28.7	28.6

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 2012.

a) Analysis of movements in surplus (deficit) during the year

	31 March 2012 £M	31 March 2011 £M
Fair value of fund assets	19.22	18.32
Present value of liabilities	(36.41)	(31.32)
(Deficit) in scheme at end of year	(17.19)	(13.00)

(b) Analysis of amount charged to Operating Costs

	31 March 2012 £M	31 March 2011 £M
Current service cost	0.79	0.97
Past service cost	0.13	(3.95)
Interest cost	1.70	1.64
Expected return on assets	(1.42)	(1.32)
Expense Recognised	1.20	(2.66)

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

	31 March 2012 £M	31 March 2011 £M
Opening defined benefit obligation	31.32	32.56
Current service cost	0.79	0.97
Interest cost	1.70	1.64
Contributions by participants	0.29	0.32
Actuarial (gains)/losses on liabilities	3.09	0.50
Net benefits paid out	(0.91)	(0.72)
Past service cost	0.13	(3.95)
Closing defined benefit obligation	36.41	31.32

d) Changes to the fair value of assets during the year

	31 March 2012 £M	31 March 2011 £M
Opening fair value of assets	18.32	17.39
Expected return on assets	1.42	1.32
Actuarial gains / (losses) on assets	(1.01)	(1.18)
Contributions by the employer	1.11	1.19
Contributions by participants	0.29	0.32
Net benefits paid out	(0.91)	(0.72)
Closing fair value of assets	19.22	18.32

e) Actual return on assets

	31 March 2012 £M	31 March 2011 £M
Expected return on assets	1.42	1.32
Actuarial gain / (loss) on assets	(1.01)	(1.18)
Actual return on assets	0.41	0.14

f) Analysis of amounts recognised in Other Comprehensive Income and Expenditure

	31 March 2012 £M	31 March 2011 £M
Total actuarial (losses)/gains	(4.10)	(1.68)
Total (losses)/gains in reserves	(4.10)	(1.68)

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

	31 March 2012 £M	31 March 2011 £M	31 March 2010 £M	31 March 2009 £M	31 March 2008 £M
Fair value of assets	19.22	18.32	17.39	12.48	13.53
Present value of defined benefit obligation	(36.41)	(31.32)	(32.56)	(23.43)	(19.92)
(Deficit)	(17.19)	(13.00)	(15.17)	(10.95)	(6.39)

h) History of Experience gains and losses

	31 March 2012 £M	31 March 2011 £M	31 March 2010 £M	31 March 2009 £M	31 March 2008 £M
Experience (losses)/gain on assets	(1.01)	(1.18)	3.42	(3.39)	(1.18)
Experience (losses) on liabilities	(0.18)	(0.92)	0.19	(0.06)	(0.75)

19. PROVISION – EMPLOYEE REDUNDANCIES

	<u>Employee redundancies</u> £000	<u>Total</u> £000
Balance at 1 April 2011	754	754
Movement in provision	396	396
Provisions utilised in the year	(1,100)	(1,100)
Balance at 31 March 2012	<u>50</u>	<u>50</u>

Analysis of expected timing of cash flows

	<u>Employee redundancies</u> £000	<u>Total</u> £000
Not later than one year	50	50
Later than one year and not later than five years	0	0
Later than five years	0	0
Balance at 31 March 2012	<u>50</u>	<u>50</u>

Employee Redundancies

In January 2011, the Board of the Sports Council for Wales approved a restructuring exercise. A detailed plan for this exercise was in place at the date of the financial statements, including the number of posts and in which areas and grades these were to be made. However, decisions had not been made in all cases as to which members of staff would be made redundant. An estimate of the liability was therefore made and a provision for such costs recognised at 31 March 2011. These costs were measured on the basis of the average years' service for the areas/posts identified. During 2011/12, payments have been made to individuals and set against the provision. The provision has also been utilised for further redundancies agreed by the Board, having satisfied itself that such costs met the requirements set by accounting standards. The cost of these future redundancies at 31 March 2012 is estimated to be £50,000.

20. VAT REIMBURSEMENT

During 2010/11 Sport Wales received a refund from Revenue in relation to over-declared output tax on supplies. The claim was made in light of the House of Lords decision in Conde Nast publications Ltd v HMRC and Fleming. The policy of Sport Wales is to treat over declared Output tax reclaimed from Revenue as cost recovery and net the income off against the expenditure incurred. No further rebates have been received during 2011/12.

	<u>As at 31</u> <u>March 2012</u> £000	<u>As at 31</u> <u>March 2011</u> £000
Output Reimbursement Received	-	(893)
Professional Charges	-	263
Legal Fees	-	210
Repayment to the Welsh Government	-	420

21. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period to impact on these financial statements. The financial statements were authorised for issue on the date that they were certified by the Auditor General for Wales.

22. RELATED PARTY TRANSACTIONS

Sport Wales is a Public Body, sponsored by the Welsh Government. The Assembly is regarded as a related party. During the year, Sport Wales received funding from the Assembly, 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 (doesn't include any non-grant amounts).

Member's Panel	Body	Payments in Year £000	Nature of link	Committed Grant Payment
A Hamilton <i>Head of People & Programme Development</i>	Welsh Netball Association	358	Member	-
	Welsh Hockey Union	443	Son is a member	10
A Williams <i>Manager Plas Menai Watersports Centre</i>	Welsh Yachting Association	82	Member & daughters coach/one a physiotherapist	1
	Welsh Canoeing Ass.	104	Member	-
	N.West Wales outdoor partnership	1	Member	-
M Frost <i>Corporate Director</i>	Glamorgan County Cricket Club	12	Member	-
	Cricket Board of Wales	553	Previous Director	-
	Penarth RFC	1	Immediate Family Members	1
	Cardiff County Council	1,432	Immediate Family workplace	8
S Powell <i>Corporate Director</i>	Welsh Hockey Union	443	Member	10
R Harris <i>Council Member</i>	Ceredigion County Council	288	Elected Member	-

Member's Panel	Body	Payments in Year £000	Nature of Link	Committed Grant Payment
Prof L McAllister <i>Chair</i>	Football Association of Wales Football in the Community	947	Board Director and trustee of Football Association of Wales Football in the Community	-
	Football Association of Wales	50	Board Director and trustee	-
	Beaufort Research Ltd	36	Sister is MD	-
S Thomas <i>Corporate Director</i>	FAW Football in the Community	947	Partner is Trustee	-
	Football Association of Wales	50	Partner is Trustee	-
Martin J Warren <i>Council Member</i>	Cardiff Metropolitan University (formally known as University of Wales (UWIC))	58	Director of Finance	-
J Bayliss <i>Council Member</i>	Cardiff University	1	Daughters workplace	-
A Morgan <i>Council Member</i>	Golf Union of Wales	330	Board Member	8
P Thorburn <i>Council Member</i>	Welsh Cycling Union	168	Daughter Cycles for WCU	-
	Welsh Canoeing Assoc	104	Chair - Steering Group for World Cup 2012	-
A Watkin <i>Council Member</i>	Tennis Wales	298	Director	-
	Wrexham CB Council	428	Previously Chief Officer	-
D L Roberts <i>Council Member</i>	Welsh Gymnastics	390	Partner is Chief Executive	-

Remuneration of Senior Managers and Council Members

Senior Managers and Council Members are considered to be the Directors and their remuneration is disclosed within the Remuneration Reports on pages 11 to 16.