

THE SPORTS COUNCIL FOR WALES AND SPORTS COUNCIL FOR WALES TRUST
1 APRIL 2008 – 31 MARCH 2009

ANNUAL REPORT

The Annual Report incorporates the Director's Report, Management Commentary and Remuneration Report.

MANAGEMENT

The Sports Council for Wales currently comprises of a Board of 10 members including a Chair and Vice Chair. The name of the Council Chief Executive and the names of the Council Members who served throughout the year are listed below.

Mr Phil Carling **	(Chair)
Prof L McAllister */**	(Vice Chair)
Mr Robert Harris	
Mr H Meredydd *	
Mrs A Baumgardt	
Mr R Palmer *	
Mr D L Roberts	
Dr W M Leyshon	
Mr M Warren */**	
Mrs S M Thomas	

Mr D R Turner (Co-opted member)*

Dr H Jones (Chief Executive)

* Member of the Audit committee

** Member of the Remuneration committee

The Sports Council for Wales is the Trustee of the Sports Council for Wales Trust.

HISTORY AND STATUTORY BACKGROUND

The Sports Council for 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 Assembly 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 in a form determined by the Welsh Assembly Government with the approval of HM Treasury. A copy of the Accounts Direction is available for public inspection at the Sports Council's 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, 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.

DECLARATION OF INTEREST

Other than as shown below, none of the members or senior staff of the Sports Council for Wales have declared any interests in organisations which provide, or may seek to provide, commercial services to the Council. Relevant interests of a non-commercial nature relating to Members and Senior Staff are disclosed in Note 21 of these accounts.

Mr. Graham Davies, the Council's Director of Performance and Excellence (left 28.02.2009), also acts as a Director of Wales Ryder Cup 2010 Ltd.

MANAGEMENT COMMENTARY

PERFORMANCE AND DEVELOPMENT DURING THE YEAR AND TRENDS AND FACTORS UNDERLYING PERFORMANCE AND DEVELOPMENT

The Sports Council for Wales is the national organisation responsible for developing and promoting sport and physical activity in Wales. Our role is to increase participation, to improve sporting performance, and to raise standards in sport and physical recreation.

The Sports Council is fully committed to achieving equality in sport and physical recreation. The Council's Equality Scheme outlines our proactive approach in this area. It sets out our commitment in working towards achieving equality in all of our functions, whilst embracing the spirit of equality legislation and eradicating any form of unfair discrimination.

Welsh sport is experiencing one of its most successful periods in recent history. From grassroots to high performance, Wales is enjoying some of its best ever results.

96% of primary schools now offer *Dragon Sport*. 80% of primary school aged children participate in extra-curricular sport, and three-quarters take part in club based sporting activities.

99% of secondary schools are now offering *5x60* programmes. Nearly three-quarters of secondary school aged children take part in club based activities.

Three quarters of schools are part of the PE and School Sport project which helps schools to deliver high quality physical education. It is anticipated that most schools in Wales will be part of this scheme by the end of 2009.

Membership of national governing bodies is at a record high and on the international stage Wales is experiencing unprecedented success. World champions such as Joe Calzaghe (boxing), Helen Tucker (triathlon), Nicole Cooke and Geraint Thomas (cycling) lead the way. The Welsh rugby team has won the Grand Slam twice since 2005 and the women's rugby team is ranked second in Europe. Ryan Giggs has become the most successful player in the history of British domestic football.

At the Commonwealth Games, Wales has consistently won more medals per capita than the other home countries and recently has experienced considerable success at the Olympic and Paralympic Games in Beijing, producing a host of Welsh medal winners. David Roberts (swimming) matched Dame Tanni Grey-Thompson's 11-Gold haul to share the title of Britain's most golden Paralympian. Wales contributed to a quarter of Team GB's Paralympic Gold tally, consolidating Wales' impressive achievements in disability sport. We will build on these successes as we prepare for London 2012.

The Sports Council for Wales is the only national public body that develops high performance sport in Wales; consequently, elite sport will remain a priority.

Through our funded programmes, the Sports Council has direct contact with the majority of children and young people; we are thus able to have a significant impact on the behaviours of children and young people. We believe that we can make a big difference in this area.

To have the same impact on the adult population of Wales is more challenging. Our contact with adults is far more disparate and we don't have the resources to work with all adults.

Our priority will be to work with, and through, our partners at local level, using in particular Local Authority Partnership Agreements (LAPAs) to achieve this.

The Sports Council's strategic priorities for 2008/09 were:

The delivery of our corporate priorities is shared with other organisations. Through partnerships, we can maximise our contributions to sport and physical recreation.

It is crucial that our partners (see how their work) help us deliver on our corporate key performance indicators. Realising the benefits of sport and physical recreation is therefore a shared goal.

Work within schools (Dragon Sport, PESS, and 5x60), the public sector (via LAPA), and the voluntary sector (local and national governing bodies) are being more closely integrated.

Through Local Authority Partnership Agreements, for example, we have adopted a radical approach to formalise and build on our existing relationships with local authorities. Within this, we advocate cross-departmental engagement to embed sport and physical recreation in the authorities' work.

The Local Authority Partnership Agreements (LAPA) seek to build on existing relationships that have seen the successful implementation of Dragon Sport, 5x60 and Community Chest, whilst encouraging new and innovative ways of engaging with individuals and communities. Innovation and enterprise will be encouraged in pursuit of our common goal of increasing participation in sport and physical recreation. It is important that the LAPA is embedded within the Local Authority; cross-departmental engagement and the 'buy-in' of senior officers is crucial to facilitating this.

Whilst the overall aim for the Sports Council is to positively affect the nation as a whole, there is a recognition that the 'one-size-fits all' approach is not appropriate. The LAPA enables the diverse and varying needs of our numerous communities to be addressed, with the long-term goal being to develop 'local solutions to local issues'

The key themes and objectives of LAPAs are:

1. **Active Young People** - *Increased levels of participation in sport and physical activity by the children and young people of Wales.* To give children the skills and confidence to take part in sport and physical activity, through the provision of high quality physical education and the effective delivery of physical literacy.
2. **Active Adults** - *Increased levels of participation in sport and physical activity by the adult population of Wales.* Supporting innovation through adult sport opportunities and demonstration projects, by building the evidence base, and developing, promoting and sharing good practice.
3. **Performance** - *Successful sport and sporting nation.* Develop thriving sporting infrastructures to provide opportunities for individuals with a wide range of abilities and provide a framework for talented individuals to fulfil their potential.
4. **Developing People** - *to create a workforce culture that embraces the opportunities within 'Climbing Higher' and encourages innovation, challenge and enterprise.* To provide an infrastructure that supports the recruitment and development of both professionals and volunteers alike within the traditional sport and physical activity environments. To address the improvement of 'softer' people and customer care skills.
5. **Developing Places:** The provision of a range of facilities (formal and informal; indoors and outdoors) that are accessible, well-maintained and attractive in order to support the delivery of the targets within the 'Climbing Higher' Strategy.
Across our various themes we have seen many successes:

<u>Theme</u>	<u>Activity</u>	<u>Performance Indicator</u>	<u>Outcome 2008/2009</u>	<u>Outcome 2007/2008</u>
Active Young People	Dragon Sport	% of schools delivering Dragon Sport	96%	94%
	5 X 60	% of schools delivering 5x60	99%	56%
	PE and School Sport (PESS)	% of schools delivering PESS	84%	74%
Active Adults	Mentor Allan	Number Projects supported	15	15
	Free Swimming 60+	Number of structured swimming sessions provided for the 60+ age group	36,874	31,413
Delivering Performance	Athletic Support	Number of athletes reaching criteria for talent support	132	73
		Number of athletes reaching criteria for Elite Cymru	40	38
	National Governing Bodies	Number of affiliated club members within SCW supported NGB,s	427,098	370,935

<u>Theme</u>	<u>Activity</u>	<u>Performance Indicator</u>	<u>Outcome 2008/2009</u>	<u>Outcome 2007/2008</u>
Developing People	Coaching	Number of sport active coaches	11,297	12,470
	Coaching Community	Number of SCUK courses run	181	193
Developing Connections	Regions	Number of Local Authorities supported during the development and implementation of 1 st and 2 nd phase LAPAs integrated sport physical activity delivery plans	22	-

Over the period 2009 to 2012, however, our priorities will be:

- To build on the success of Welsh athletes at the Beijing Olympic and Paralympic Games as we prepare for the Commonwealth Games in Delhi 2010, the Olympic and Paralympic Games in London 2012, and beyond;
- To create more opportunities for children and young people to participate in sport and physical recreation; and
- To advocate to our partners the importance of adult sport and physical recreation, and disseminate good practice from our various pilot programmes.

END OF YEAR POSITION

The accounts record a net operating cost for the year ending 31 March 2009 of £25,722,000 (2007/08 £25,528,000). An additional capital element of funding amounting to £1,057,000 was transferred to the government grant reserve (2007/08 £963,000). The net movement on the general fund for the year, after the funding received from the Welsh Assembly Government, was an under spend of £737,000 (2007/08 £1,375,000).

Previously, the accounts for the Sports Council for Wales Trust set out the existence of a fundamental uncertainty that arose during 2004-05 in respect of the legal ownership of the fixed assets held by the Trust. After considering advice from both its own solicitors and the charity Commission, the Council decided at its July 2009 meeting, not to pursue legal ownership of the two national centres at this time.

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 2008/09 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via the Council's internal network.

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

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

In addition to the above, a new facility was introduced during 2008/09, by which managers 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

Environmental Issues and Policy

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

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

Social and Community Issues

The Welsh Assembly Government's strategic agenda is set out in *One Wales*. It states that it is a comprehensive and progressive government programme for improving the quality of life of people in all of Wales' communities, from all walks of life, concentrating on the most vulnerable and disadvantaged.

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

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 Role of the Sports Council in the above is twofold: first, in planning and delivering our contributions to the strategies; and second, by supporting our partners in planning, developing and sustaining their contributions.

FACTORS AFFECTING THE FUTURE PERFORMANCE AND DEVELOPMENT

The Sports Council for Wales will build on its existing solid base of programmes to develop and deliver its priorities and aspirations for the future.

To ensure young people within their community will have the opportunity to be involved in sport at the appropriate level in their chosen activity, the Sports Council for Wales will establish a National Framework for Junior Sport. The Framework will be an integrated approach to the development and delivery of programmes and activities for children and young people.

To create a culture where sport and physical recreation is part of adult's everyday lives, the Sports Council for Wales will focus on its advocacy role and adopt an informed and targeted approach to our investment and work with the adult population.

To develop systems and structures that enable Welsh athletes to deliver international success, the Council will continue to invest in and support national governing bodies of sport and to establish a West Wales Regional Institute of Sport. The institute will be a network of facilities, service providers and coaches all working together to support talented and elite athletes based in the West Wales region.

SICKNESS ABSENCE DATA

The sickness data for 2008/2009 is as follows:

Days Lost (Short Term)	Days Lost (Long Term)	Total Days Lost	Total Number of Employees (FTE)	Total Sick Days Lost Per Person
713.22	324.39	1037.61	170.73	6.08

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

The average days lost through sickness in the Welsh Assembly Government for 07/08 was 8 days per person and in the Public Sector as a whole the benchmark is 9.8 average days lost.

EMPLOYEE POLICY

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

PENSION SCHEME

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

PERSONAL DATA MANAGEMENT

Current Practices

The Sports Council for 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.

During 2008/09 all sources of personal and sensitive data were identified, recorded in the Council's Risk Register and assigned to managers to ensure the ongoing proper maintenance and use of the data.

Data management controls include password protection on all databases holding personal and sensitive data, restricting access to data, holding manual data in locked cupboards and ensuring data handling protocols are in place.

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

Future Data Protection Controls

During the 2009/10 financial year the Council will review its information technology procedures and will introduce further measures to protect personal data. Such measures will include the use of encrypted portable memory storage devices and controlling and monitoring the amount of personal data that can be taken off site.

During 2008/09 there were no personal data related issues to report.

CREDITOR PAYMENT POLICY AND PERFORMANCE ACHIEVED

The Sports Council for Wales complies with the Better Payment Code and has a policy of paying creditor accounts within 30 days of receipt of agreed invoices following the supply of goods or services. All variations to this procedure must be agreed in writing. Analysis of payments made during the year reveals that 97% by number (2007/2008 98%) of settlements were within the agreed terms. No interest was incurred by the Council during the year as a result of late payments.

The Sports Council for Wales is also aiming to pay suppliers wherever possible within 10 days in accordance with the Managing Public Money guidance issued in October 2008.

FINANCIAL RISK AND CAPITAL MANAGEMENT

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

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

Liquidity Risks

The Council is satisfied that it has sufficient liquid resources, in the form of cash at bank and agreed funding for 2009/10, to meet all current contracted commitments. The Council considers that it is not exposed to significant liquidity risks.

Interest Rate Risks

Cash balances, which are drawn down from the Welsh Assembly 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 2.08 per cent (2007/08 3.54%) in the year. The year-end cash balance held by the Council in the bank was £623,000.

Foreign Currency Risk

The Council is not exposed to any foreign exchange risks.

Cash Flow Risk

The Council is not exposed to any cash flow risk.

REMUNERATION OF AUDITORS

The Audit Committee oversees the nature and amount of non audit work undertaken by Wales Audit Office our external auditors. During the year 2008/2009 no non audit work was undertaken by Wales Audit Office.

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.

ACCOUNTING OFFICER: Dr H G Jones
25 September 2009

REMUNERATION REPORT

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

Remuneration Policy

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

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

Service Contracts

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

The Council Members are appointed by Welsh Ministers for a three year contracted period and may be reappointed for a further three year period. The Chairman is remunerated at a daily rate of £325 and is contracted to work three days per week. The Vice Chair is remunerated at a daily rate of £307 and is contracted to work one day per week. Other Council Members receive a daily rate of £278 and are contracted to work two days per month.

Notice Period

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

Salary

"Salary" includes gross salary and performance bonuses where applicable. During the year the Chief Executive was eligible to a bonus, his salary therefore comprised a gross salary of £69,192 (2007/2008 £67,512) and a non-consolidated bonus for the year of £4,868 (2007/08 £4,750).

During 2008/2009 senior management posts were reorganised. As a consequence, a redundancy payment of £34,044 was made to the Director of Operations, (2008 total £60,744 paid in redundancy payments to Directors) this payment is excluded from the salary bandings shown. Assembly approval was given.

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

Benefits in Kind

There are no benefits in kind

Salary and Pension Entitlements

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

Remuneration (subject to audit)

<u>Name</u>	<u>Title</u>	<u>Salary 2008/09 £000</u>	<u>Salary 2007/08 £000</u>
P Carling (from 1/02/07 to 31/01/10)	Chair	50 - 55	50 - 55
Prof. L McAllister (from 01/04/07 to 31/03/09)	Vice Chair	15 - 20	15 - 20
Dr H Jones (from 01/01/03)	Chief Executive	70 - 75	70 - 75
C James (from 01/02/06)	Director of Corporate Services	65 - 70	60 - 65
A Hamilton (from 01/09/07)	Head of People & Programme Development	55 - 60	50 - 55
A Williams (from 14/12/94)	Manager Plas Menai Watersports Centre	55 - 60	50 - 55
S Powell (from 01/09/07)	Head of Performance and Excellence	45 - 50	45 - 50
M Frost (from 01/09/07)	Head of Regions	55 - 60	50 - 55
M Zaple (from 01/04/97)	Manager Welsh Institute of Sport	55 - 60	50 - 55
G Davies (to 28/02/09)	Director of Operations	65 - 70	65 - 70
S Butlin (to 31/08/07)	Director of Participation & Physical Activity	-	50 - 55
H Tolley (to 31/08/07)	Acting Director of Participation & Physical Activity (1 st - 30 th April 2007)	-	35 - 40
A Baumgardt (from 01/04/06 to 31/03/09)	Council Member	5 - 10	0 - 5
R Palmer (from 01/04/06 to 31/03/09)	Council Member	5 - 10	0 - 5
R Harris (from 01/04/06 to 31/3/09)	Council Member	5 - 10	0 - 5
H M Davies (from 01/04/06 to 31/03/09)	Council Member	5 - 10	0 - 5

<u>Name</u>	<u>Title</u>	<u>Salary 2008/09 £000</u>	<u>Salary 2007/08 £000</u>
D L Roberts (from 01/04/08 to 31/03/11)	Council Member	5 - 10	-
S M Thomas (from 01/04/08 to 31/03/11)	Council Member	5 - 10	-
M J Warren (from 01/04/08 to 31/03/11)	Council Member	5 - 10	-
Dr W M Leyshon (from 01/04/08 - 31/03/11)	Council Member	5 - 10	-
Cllr K Evans (to 31.03.08)	Council Member	-	0 - 5
C Gittoes (to 31.03.08)	Council Member	-	0 - 5
C Thomas (to 31.03.08)	Council Member	-	-
P H Thomas (to 31.03.08)	Council Member	-	-

Pension Benefits (subject to audit)

Name	Real increase in Pension at age 65	Total accrued Pension at age 65 at 31 March 2009	CETV at 31 March 2009	CETV at 31 March 2008	Real Increase CETV in Year
	£000	£000	£000	£000	£000
Dr H Jones <i>Chief Executive</i>	7.5 - 10.0	25.0 - 30.0	409	381	23
C James <i>Director of Corporate Services</i>	2.5 - 5.0	5.0 - 10.0	84	69	10
A Hamilton <i>Head of People and Programme Development</i>	2.5 - 5.0	10.0 - 15.0	147	129	14
A Williams <i>Manager Plas Menai Watersports Centre</i>	5.0 - 7.5	15.0 - 20.0	323	292	27
S Powell <i>Head of Performance and Excellence</i>	0 - 2.5	0 - 5.0	82	68	10
M Zapple <i>Manager Welsh Institute of Sport</i>	2.5 - 5.0	10.0 - 15.0	265	215	46
M Frost <i>Head of Regions</i>	0 - 2.5	0 - 5.0	112	90	18

Cash Equivalent Transfer Values

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

As a result of a Department of Work and Pension review during 2008/2009 the transfer values have been recalculated for 2008 to reflect the change in transfer value factors applied.

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. As a result of a Department of Work and Pension review during 2009 the transfer values have been recalculated for 2008 to reflect the change in transfer value factors applied.

ACCOUNTING OFFICER: Dr H G Jones
25 September 2009

STATEMENT OF COUNCIL'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

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

In preparing the accounts, the Council 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 the Sports Council for 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 the Council's assets are set out in the Accounting Officers' Memorandum issued by the Treasury.

ACCOUNTING OFFICER: Dr H G Jones
25 September 2009

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

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

The purpose of the system of internal control

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

The system of internal control has been in place at the Council for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. Finally the system of internal control provides reasonable assurance that the Council has complied with the Lottery financial directions and that adequate processes are in place for the detection of conflicts of interest and to minimise losses of Lottery grants.

Capacity to handle risk

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

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

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

The risk and control framework

During 2008/09 the main component of the risk management strategy was the Risk Register. The Risk Register is an electronic solution that is accessible to relevant managers via the Council's internal network.

The Risk Register identifies significant corporate risks including risks to information, an overall assessment of likely impact and probability, control measures and where required, a list of future action measures. The risk Register is reviewed at regular intervals by managers, and reported on to the Audit Committee. During the year the major risks that had been identified were also reviewed at full Council.

In addition to the above, a new facility was introduced during 2008/09, by which managers 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.

In 2008/09 there were no information risk issues to report.

Review of effectiveness

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

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

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

The internal audit service of the Sports Council for Wales during 2008-09 was provided by KTS Owens Thomas, which operated to standards defined in the Government Internal Audit Manual. Internal audit submit regular reports which include the Head of Internal Audit's independent annual opinion on the adequacy and effectiveness of the Council's system of internal control, together with recommendations for improvement.

ACCOUNTING OFFICER: Dr H G Jones

25 September 2009

THE CERTIFICATE OF THE AUDITOR GENERAL FOR WALES TO THE SPORTS COUNCIL FOR WALES

I certify that I have audited the financial statements of the Sports Council for Wales for the year ended 31 March 2009 by agreement as provided for under paragraph 18(3) of Schedule 8 to the Government of Wales Act 2006. These comprise the Consolidated Operating Cost Statement, Consolidated Statement of Recognised Gains and Losses, the Balance Sheet and Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

Respective responsibilities of the Council, Chief Executive and auditor

The Council and Chief Executive as Accounting Officer is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Government of Wales Act 2006 and Welsh Ministers' directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Council's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government of Wales Act 2006 and Welsh Ministers' directions made thereunder. I report to you whether, in my opinion, the information given in the Annual Report is consistent with the financial statements. I also report whether 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.

In addition, I report to you if in my opinion the Sports Council for Wales has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Sports Council for Wales' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Sports Council for Wales' corporate governance procedures or its risk and control procedures.

I read the other information contained in the unaudited part of the Remuneration Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Sports Council for Wales' circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government of Wales Act 2006 and directions made thereunder by Welsh Ministers, of the state of the Sports Council for Wales' affairs as at 31 March 2009 and of its net operating cost, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Government of Wales Act 2006 and Welsh Ministers' directions made thereunder; and
- information given within the Annual Report is consistent with the financial statements.

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.

Jeremy Colman
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Date: 28th September 2009

**CONSOLIDATED OPERATING COST STATEMENT OF THE SPORTS
COUNCIL FOR WALES AND THE SPORTS COUNCIL FOR WALES TRUST
FOR THE YEAR ENDED 31 MARCH 2009**

		<u>2008/2009</u>	<u>Re-stated 2007/2008</u>
	Notes	£000	£000
EXPENDITURE			
Sports Development	6	15,094	15,742
PE and School Sport		3,023	2,410
Sportsmatch	2b	474	491
National Sports Centres	4a	4,395	4,178
Mentro Allan		72	94
Let's Walk Cymru		257	431
Depreciation: owned assets	7	650	720
HQ staff costs	9	2,718	2,972
Other administrative expenses	10	1,840	1,939
Notional Cost of Capital Charge		417	400
		<u>28,940</u>	<u>29,377</u>
INCOME			
Release of deferred Government Grant	3	225	273
Other operating income		298	92
Let's Walk Cymru		157	314
Mentro Allan		72	94
Income from activities: National Sports Centres	4b	2,812	3,160
		<u>3,564</u>	<u>3,933</u>
Net Operating Costs		(25,376)	(25,444)
Pension Finance Costs		(370)	(150)
Surplus on disposal of Fixed Assets	5	-	18
Interest receivable		30	60
		<u>(340)</u>	<u>(72)</u>
Net operating cost before taxation		(25,716)	(25,516)
Taxation payable	11	(6)	(12)
Net operating cost for the financial year		<u>(25,722)</u>	<u>(25,528)</u>

The net operating cost for the financial year attributable to the activities of the Sports Council for Wales was £25,722,000 (2007-2008 £25,528,000). All activities are continuing with no acquisitions or disposals.

The 2007-2008 figures have been re-stated due to a change in accounting policy as shown in Note 1.8

The notes on pages 23 to 38 form part of these accounts

BALANCE SHEET OF THE SPORTS COUNCIL FOR WALES AND CONSOLIDATED
BALANCE SHEET OF THE SPORTS COUNCIL FOR WALES AND THE SPORTS
COUNCIL FOR WALES TRUST AS AT 31 MARCH 2009

	Notes	Council		Consolidated	
		<u>2009</u> £000	<u>Re-stated</u> <u>2008</u> £000	<u>2009</u> £000	<u>Re-stated</u> <u>2008</u> £000
FIXED ASSETS					
Tangible fixed assets	7	158	159	19,591	17,576
CURRENT ASSETS					
Debtors	12	3,088	2,334	3,088	2,334
Cash at bank and in hand	16	623	316	627	320
Total Current Assets		3,711	2,650	3,715	2,654
CREDITORS					
Net grants outstanding	14	(434)	(91)	(434)	(91)
Amounts falling due within one year	13	(909)	(928)	(909)	(928)
		(1,343)	(1,019)	(1,343)	(1,019)
NET CURRENT ASSETS		2,368	1,631	2,372	1,635
NET ASSETS EXCLUDING PENSION LIABILITY		2,526	1,790	21,963	19,211
Defined Benefit Pension Liability	19	(10,950)	(6,390)	(10,950)	(6,390)
TOTAL ASSETS LESS LIABILITIES		(8,424)	(4,600)	11,013	12,821
FINANCED BY:					
Capital and Reserves					
General Fund	3	2,368	1,631	2,372	1,635
Pension Reserve	3	(10,950)	(6,390)	(10,950)	(6,390)
Government Grant Reserve	3	158	159	8,370	7,538
Revaluation Reserve	3	-	-	11,221	10,038
		(8,424)	(4,600)	11,013	12,821

The 2007-2008 figures have been re-stated due to a change in accounting policy as shown in Note 1.8

The notes on pages 23 to 38 form part of these accounts.

ACCOUNTING OFFICER: DR. H G Jones
25 September 2009

**CONSOLIDATED CASHFLOW STATEMENT OF THE SPORTS COUNCIL FOR WALES
AND THE SPORTS COUNCIL FOR WALES TRUST FOR YEAR ENDED 31 MARCH 2009**

Reconciliation of Operating deficit to net cash outflow from operating activities

	Notes	<u>2008/2009</u> £000	<u>Re-stated</u> <u>2007/2008</u> £000
Net Operating Cost		(25,376)	(25,444)
(Increase) in debtors	12	(754)	(817)
(Decrease) in creditors	13	(19)	(761)
Increase in grant creditor	14	343	91
Depreciation of tangible fixed assets	7	650	720
Deferred grant transfer	3	(225)	(273)
Notional Cost of Capital		417	400
FRS 17 Pension transfer		(680)	149
Net cash (outflow) from operating activities		<u>(25,644)</u>	<u>(25,935)</u>

CASHFLOW STATEMENT

	Notes	<u>2008/2009</u> £000	<u>Re-stated</u> <u>2007/2008</u> £000
Net cash outflow from operating activities		(25,644)	(25,935)
Returns on investments and servicing of finance	15	30	60
Tax paid	11	(6)	(12)
Capital Expenditure and Financial Investment	15	<u>(1,051)</u>	<u>(913)</u>
		(26,671)	(26,800)
Financing	15	26,978	26,687
Increase/(Decrease) in cash	16	<u>307</u>	<u>(113)</u>

Reconciliation of net cash flow to movement in net funds

	Notes	<u>2008/2009</u> £000	<u>Re-stated</u> <u>2007/2008</u> £000
Increase/(Decrease) in cash in the period		307	(113)
Net Funds as at 1 April		320	433
Net Funds as at 31 March	16	<u>627</u>	<u>320</u>

**CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES OF THE SPORTS
COUNCIL FOR WALES AND SPORTS COUNCIL FOR WALES TRUST FOR YEAR ENDED
31 MARCH 2009**

	<u>2008/2009</u>	<u>2007/2008</u>
	£000	£000
Other recognised gains and losses for the year:		
Movement in revaluation reserve	1183	(374)
Movement in government grant reserve	832	690
Actuarial (Loss)/Gain on defined pension scheme	<u>(4,870)</u>	<u>1,360</u>
Total recognised gains and losses relating to the year	(2,855)	1,676
Prior year adjustment	<u>(1,108)</u>	-
Gains and Losses since last Annual Report	<u><u>(3,963)</u></u>	<u><u>1,676</u></u>

The 2007-2008 figures have been re-stated due to a change in accounting policy as shown in Note 1.8.

The notes on pages 23 to 38 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 2009

1. STATEMENT OF ACCOUNTING POLICIES

1.1 Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, in accordance with the directions given by Welsh Ministers. Without limiting the information given, the accounts meet the requirements of the Companies Act 1985 and the Accounting Standards issued or adopted by the Accounting Standards Board so far as these requirements are appropriate.

Previously, the accounts for the Sports Council for Wales Trust set out the existence of a fundamental uncertainty that arose during 2004-05 in respect of the legal ownership of the fixed assets held by the Trust. After considering advice from both its own solicitors and the Charity Commission, the Council decided at its July 2009 meeting not to pursue legal ownership of the two national centres at this time and the matter has been resolved.

1.2 Funding

The Council receives funding from the Welsh Assembly Government to finance the excess of its capital and revenue expenditure over its income. The revenue funding is credited direct to the General Fund, while the capital funding is taken into the government grant reserve. Capital grants are subsequently released to the Operating Cost Statement over the expected useful life of the relevant assets by equal annual amounts. The Council also receives funding from the Welsh Assembly Government to implement the Physical Education and School Sport Task Force Action Plan. 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 the Sports Council for Wales, receives grants from the Sports Council for Wales for capital expenditure on tangible fixed assets relating to freehold 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 the Council's accounts. The proceeds from the disposal of tangible fixed assets by the Trust are surrendered to the Sports Council for Wales.

1.3 Tangible fixed assets

Freehold land is included in the balance sheet 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 the Council's balance sheet

Equipment and vehicles are included in the balance sheet at historic cost less a provision for depreciation. In the opinion of the Council, 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 the Council and £1,000 for the Trust.

1.4 Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets having regard to their estimated useful lives and anticipated residual values. The 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 the council is to depreciate assets from the month following acquisition. As a result of building improvements undertaken during the year at Sophia Gardens the asset life of the building has been extended from 35 years to 50 years.

1.5 Stocks

The Council does not hold any stocks of material value.

1.6 Pension costs

Contributions to the Council's pension schemes are charged to the Operating Cost Statement so as to spread the cost of pensions over employees' working lives with the Council. In accordance with FRS 17, the charge to the Operating Cost Statement is calculated based upon service and pension finance costs calculated by the actuary. The Council share of the assets and liabilities of the pension fund are reflected as a net pension liability on the balance sheet.

1.7 Taxation

Non-recoverable Value Added Tax is charged to the Council's accounts in respect of taxable expenditure on non-trading activities. UK Corporation Tax is calculated at 21% (20% 2008) of the interest accruing on the Council's investment income, but not that of the Trust.

1.8 Grants

Financial assistance by way of grants may be given to further the objectives of the Council. 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 the Sports Council for Wales accounting period. Where a grant offer is made, a commitment for the value of the offer will be recognised in the balance sheet as a liability (grants outstanding).

The Sports Council's obligation to pay grant funds to the recipient, as laid down in its terms and conditions of grant, shall at all times be conditional on the Sports Council receiving the funds from the Welsh Assembly Government. Where the period of a grant offer falls after the Sports Council's balance sheet date it is recorded as a deferred grant and carried forward to be expensed in the following year (see note 14 for detail).

1.8 Grants... continued

Prior Period Adjustment

The Sports Council for Wales has amended its accounting policy in respect of grant payments. From 2008-2009 the Sports Council for Wales will account for the grant expenditure on the basis of the period to which the grant relates in accordance with the requirements of the Financial Reporting Manual; and not when the grant payment is actually made. As a result of this change of accounting policy, and in accordance with FRS3, there is a prior period adjustment in the 2008-2009 accounts to adjust the opening reserves position of the Sports Council for Wales, and to restate the 2007-2008 comparative figures.

	As at 31 March 2008 (as previously stated) £000	Impact on re-statement £000	As at 31 March 2008 (re-stated) £000
Net Expenditure for 2007-8	(26,636)		
Grant prepaid		(1,127)	
Notional cost of capital adjustment		19	
	<hr/> <hr/> (26,636)	<hr/> <hr/> (1,108)	<hr/> <hr/> (25,528)
General fund	<hr/> <hr/> 508	<hr/> <hr/> 1,127	<hr/> <hr/> 1,635

1.9 Consolidation

The accounts of the Sports Council for Wales Trust, a charitable body wholly owned by the Sports Council for Wales, have been consolidated within these accounts. The Lottery Distribution activities of the Sports Council for 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 Interest on Capital

A notional charge reflecting the cost of capital employed is included in operating costs and calculated at 3.5% (2007/08 3.5%) of average capital employed in accordance with HM Treasury requirements.

1.11 Financial Instruments

Financial assets:

Trade debtors

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

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.

Financial liabilities:

Trade creditors

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

Borrowings

There are no Interest bearing loans or overdrafts.

2. FUNDING

(a)

		<u>2008/2009</u>	<u>Re-stated</u> <u>2007/2008</u>
	Notes	£000	£000
Revenue		23,611	23,527
PE and School Sport		2,917	2,710
Sportmatch		450	450
Funding received from Welsh Assembly Government		<u>26,978</u>	<u>26,687</u>
Transfer to government grant reserve	3	(1,057)	(963)
Transferred to General Fund	3	<u>25,921</u>	<u>25,724</u>

(b) Under the Sportmatch scheme the Sports Council matches grants made by private bodies to sporting projects in Wales. In 2008/09 the Assembly granted £450,000 (2007/08 £450,000) against which total Council expenditure was £474,000 (2007/08 £491,000).

3. MOVEMENT IN FUNDS

	<u>Government Grant Reserve</u> £000	<u>Revaluation Reserve</u> £000	<u>General Fund</u> £000	<u>Pension Reserve</u> £000	<u>Total 2008/2009</u> £000
Funds as at 1 April 2008 Re-stated	7,538	10,038	1,635	(6,390)	12,821
Net Operating Cost for the Year			(25,722)		(25,722)
Funding Received			25,921		25,921
Deferred Grant Received	1,057				1,057
Release of Deferred Grant	(225)				(225)
Revaluation of Tangible Fixed Assets		1,614			1,614
Pension Costs			(310)	310	-
Transfer to General Fund		(431)	431		-
Reversal of notional cost of capital			417		417
Actuarial loss to SRGL				(4,870)	(4,870)
Funds as at 31 March 2009	8,370	11,221	2,372	(10,950)	11,013

The funds in the Council's own non-consolidated accounts at 31 March 2009 was £(8,424,000), (2007/08, £(4,600,000)) with £19,437,000 (2007/08 £17,421,000) attributable to the Sports Council for Wales Trust.

4. NATIONAL SPORTS CENTRES

	<u>Welsh Institute of Sport</u> £000	<u>Plas Menai National Watersports Centre</u> £000	<u>Total 2008/2009</u> £000	<u>Total 2007/2008</u> £000
4a Expenditure	2,212	2,183	4,395	4,178
4b Income:	(1,493)	(1,319)	(2,812)	(3,160)
Net operating costs	719	864	1,583	1,018

5. DISPOSAL OF TANGIBLE FIXED ASSETS

	<u>2008/2009</u> £000	<u>2007/2008</u> £000
Gross book value	186	272
Accumulated depreciation	(180)	(241)
Net book value	<u>6</u>	<u>31</u>
Proceed from sale	6	49
Surplus on sale of asset	<u>-</u>	<u>18</u>

6. SPORTS DEVELOPMENT

	<u>2008/2009</u> £000	<u>Re-stated</u> <u>2007/2008</u> £000
Direct grants to governing bodies	6,186	6,256
Grants to other bodies:		
Sports development and advisory services	8,908	9,486
	<u>15,094</u>	<u>15,742</u>

7. TANGIBLE FIXED ASSETS

(a) Council:

	<u>Equipment</u> £000	<u>Vehicles</u> £000	<u>Total</u> £000
Cost or Valuation as 1 April 2008	155	50	205
Additions	47	-	47
At 31 March 2009	<u>202</u>	<u>50</u>	<u>252</u>
Depreciation at 1 April 2008	(42)	(4)	(46)
Charge for the year	(42)	(6)	(48)
At 31 March 2009	<u>(84)</u>	<u>(10)</u>	<u>(94)</u>
Net Book Value at 31 March 2009	<u>118</u>	<u>40</u>	<u>158</u>
Net Book Value at 1 April 2008	<u>113</u>	<u>46</u>	<u>159</u>

(b) Consolidated:

	<u>Plas Menai</u> <u>Freehold</u> <u>land and</u> <u>buildings</u> £000	<u>Welsh</u> <u>Institute of</u> <u>Sport</u> <u>buildings</u> £000	<u>Equipment</u> £000	<u>Vehicles</u> £000	<u>Total</u> £000
Cost or Valuation at 1 April 2008	5,641	11,295	2,479	177	19,592
Additions	-	1,010	47	-	1,057
Disposals	-	-	(186)	-	(186)
Revaluation	73	1,110	-	-	1,183
At 31 March 2009	<u>5,714</u>	<u>13,415</u>	<u>2,340</u>	<u>177</u>	<u>21,646</u>
Depreciation at 1 April 2008	-	-	(1,899)	(117)	(2,016)
Charge for the year	(158)	(273)	(202)	(17)	(650)
Disposals	-	-	180	-	180
Release of deferred grant					
Revaluation	158	273	-	-	431
At 31 March 2009	<u>-</u>	<u>-</u>	<u>(1,921)</u>	<u>(134)</u>	<u>(2,055)</u>
Net Book Value at 31 March 2009	<u>5,714</u>	<u>13,415</u>	<u>419</u>	<u>43</u>	<u>19,591</u>
Net Book Value at 1 April 2008	<u>5,641</u>	<u>11,295</u>	<u>580</u>	<u>60</u>	<u>17,576</u>

The land and buildings held by the SCW Trust were valued as at 31 March 2009 at £19,129,000 by Messrs Cooke & Arkwright, Chartered Surveyors in accordance with the Royal Institute Chartered Surveyors appraisal and valuation manual

8. CAPITAL COMMITMENTS AT NATIONAL SPORTS CENTRES

	<u>31 March</u> <u>2009</u> £000	<u>31 March</u> <u>2008</u> £000
Contracted but not paid	<u>780</u>	<u>364</u>

9. STAFF COSTS

(a)

	<u>2008/2009</u>	<u>2007/2008</u>
	£000	£000
Permanent:		
Salaries and Wages	5,905	5,474
Social Security Costs	430	410
Pension Service Costs and Other Costs	854	1,395
	<u>7,189</u>	<u>7,279</u>
Agency and instructional staff	180	165
Less: Allocated to:		
National Sports Centres, Sportsmatch and Sports Development	(2,733)	(2,531)
Mentrol Allan	(21)	(46)
P E and School Sport	(170)	(113)
Let's Walk Cymru	(45)	(41)
Less: Allocated to SPORTLOT	<u>(1,682)</u>	<u>(1,741)</u>
	<u><u>2,718</u></u>	<u><u>2,972</u></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>2008/2009</u>	<u>2007/2008</u>
	No	No
Total	<u>170.3</u>	<u>182</u>

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

10. OTHER ADMINISTRATIVE EXPENSES

	<u>2008/2009</u>	<u>2007/2008</u>
	£000	£000
Auditor's Fees – Audit Services	27	22
Other Work	4	4
Travelling, subsistence and hospitality expenses of:		
Members	35	36
Headquarters Staff	11	16
Central support services	902	921
Marketing and communication	847	928
Operating leases	12	12
Movement in provision for doubtful debts	2	-
	<u>1,840</u>	<u>1,939</u>

11. TAXATION

	<u>2008/2009</u> <u>£000</u>	<u>2007/2008</u> <u>£000</u>
Taxation payable on interest received at 21% (2007-08 20%)	6	12

12. DEBTORS (DUE WITHIN 1 YEAR)

Council and Consolidated:

	<u>31 March</u> <u>2009</u> <u>£000</u>	<u>31 March</u> <u>2008</u> <u>£000</u>
Trade debtors	144	131
SPORTLOT	254	352
Other debtors	73	182
Prepayments and accrued income	100	118
Grant prepayment	1,343	1,518
Grant repayable	1,149	16
Provision for bad and doubtful debts	(4)	(2)
Central government bodies	29	19
	<u>3,088</u>	<u>2,334</u>

13. CREDITORS (DUE WITHIN 1 YEAR)

Council and Consolidated:

	<u>31 March</u> <u>2009</u> <u>£000</u>	<u>31 March</u> <u>2008</u> <u>£000</u>
Trade creditors	43	80
Other creditors	5	6
Taxation payable	6	12
Other taxation and social security creditors	184	209
Pension scheme creditors	108	141
Accruals	247	264
Deferred income	313	185
Central government bodies	3	31
	<u>909</u>	<u>928</u>

14. GRANT COMMITMENTS

Council and Consolidated:

	<u>31 March</u> <u>2009</u> <u>£000</u>	<u>Re-stated</u> <u>31 March</u> <u>2008</u> <u>£000</u>
Grants outstanding	12,070	174
Deferred grants	(12,070)	(174)
Accrued grants	434	91
Net Grant outstanding per Balance Sheet	<u>434</u>	<u>91</u>

The Sports Council for Wales has introduced a new grants management system which is able to record grant commitments as they arise. Prior to the introduction of this system grants were raised when they were due for payment and therefore for 2007-8 there was no system in place to record the commitment.

15. GROSS CASH FLOWS

	<u>2008/2009</u> <u>£000</u>	<u>2007/2008</u> <u>£000</u>
Returns on Investment and Servicing of Finance		
Interest received	<u>30</u>	<u>60</u>
Capital Expenditure and Financial Investment		
Payments to acquire tangible fixed assets	(1,057)	(962)
Receipts from the sale of tangible fixed assets	<u>6</u>	<u>49</u>
	<u>(1,051)</u>	<u>(913)</u>
Financing		
Funding received from the Welsh Assembly Government (note 2)	<u>26,978</u>	<u>26,687</u>

16. ANALYSIS OF CHANGES IN NET FUNDS

	<u>31 March</u> <u>2009</u> <u>£000</u>	<u>1 April</u> <u>2008</u> <u>£000</u>	<u>Change in</u> <u>Year</u> <u>£000</u>
Cash at bank and in hand			
Advance payment deposit account	314	179	135
Other bank accounts	<u>313</u>	<u>141</u>	<u>172</u>
Total	<u>627</u>	<u>320</u>	<u>307</u>

17. FINANCIAL INSTRUMENTS

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

Liquidity Risks

The Council is satisfied that it has sufficient liquid resources, in the form of cash at bank and agreed funding for 2009/10, to meet all current contracted commitments. The Council considers that it is not exposed to significant liquidity risks.

Interest Rate Risks

Cash balances, which are drawn down from the Welsh Assembly 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 2.08 per cent (2007/08 3.54%) in the year. The year-end cash balance held by the Council in the bank was £623,000.

Foreign Currency Risk

The Council is not exposed to any foreign exchange risks.

Cash Flow Risk

The Council is not exposed to any cash flow risks.

18. CONTINGENT LIABILITIES

At the year end there are three claims outstanding against the Council. The basis of these claims are being contested, but in the event that the Court finds against the Council there may be a liability to pay damages and costs. The maximum potential liability is not disclosed here, as permitted under Financial Reporting Standard 12, as such disclosure could prejudice the Council's position.

19. PENSIONS

The Council'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 2007 and the actuary's report was 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 2009 showed an increase in the deficit from £6,390,000 to £10,950,000. The Council's contribution to the fund for the year to 31 March 2009 amounted to £1,533,000 (2007/08 £1,246,000) at a rate of 20.1% (2007/08 19.4%) of pensionable remuneration. Included within the total contribution was £541,000 of advanced contributions in respect of the early retirement costs following the redundancies of members of staff.

The Council expects to contribute £1,090,000 to the fund in 2009/10. In addition to this "strain on fund" contributions may be required.

Main Financial Assumptions

	31 March 2009	31 March 2008
	(% p.a)	(% p.a)
Inflation	3.6	3.7
Rate of general long-term Increase in salaries	5.1	5.2
Rate of increase to pensions in payment	3.6	3.7
Rate of increase to deferred pensions	3.6	3.7
Discount rate	6.5	6.8
Expected return on assets	6.2	7.2
Mortality assumptions: Assumes future lifetime from age 65, retiring today		
- Male	21.1	20.3
- Female	25.0	24.1
Assumes future lifetime from age 65, retiring in 20 years		
- Male	23.4	22.2
- Female	27.3	25.3

The Council 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 2009.

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

	31 March 2009 £M	31 March 2008 £M
Fair value of fund assets	12.48	13.53
Present value of liabilities	(23.43)	(19.92)
(Deficit) in scheme at end of year	(10.95)	(6.39)

b) Analysis of amount charged to Operating Costs

	31 March 2009 £M	31 March 2008 £M
Current service cost	0.60	0.76
Past service cost	0.25	0.55
Interest on pension scheme liabilities	1.38	1.10
Expected return on pension scheme assets	(1.01)	(0.95)
Total operating charge	1.22	1.46

c) Changes to the present value of Liabilities during the year

	31 March 2009 £M	31 March 2008 £M
Opening present value of liabilities	19.92	20.39
Current service cost	0.60	0.76
Interest cost	1.38	1.10
Contributions by participants	0.33	0.27
Actuarial (gains)/losses on liabilities	1.48	(2.54)
Net benefits paid out	(0.53)	(0.61)
Past service cost	0.25	0.55
Closing present value of liabilities	23.43	19.92

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

	31 March 2009 £M	31 March 2008 £M
Opening fair value of assets	13.53	12.90
Expected return on assets	1.01	0.95
Actuarial (losses) on assets	(3.39)	(1.18)
Contributions by the employer	1.53	1.20
Contributions by participants	0.33	0.27
Net benefits paid out	(0.53)	(0.61)
Closing fair value of assets	12.48	13.53

e) **Actual return on assets**

	31 March 2009 £M	31 March 2008 £M
Expected return on assets	1.01	0.95
Actuarial (loss) on assets	(3.39)	(1.18)
Actuarial return on assets	(2.38)	(0.23)

f) **Analysis of amounts recognised in SRGL**

	31 March 2009 £M	31 March 2008 £M
Total actuarial (losses)/gains	(4.87)	1.36
Total (loss)/gain in SRGL	(4.87)	1.36

g) History of asset values, present value of liabilities and deficit

	31 March 2009 £M	31 March 2008 £M	31 March 2007 £M	31 March 2006 £M	31 March 2005 £M
Fair value of assets	12.48	13.53	12.90	11.24	12.94
Present value of liabilities	(23.43)	(19.92)	(20.39)	(15.56)	(20.39)
(Deficit)	(10.95)	(6.39)	(7.49)	(4.32)	(7.45)

In accordance with paragraph 77(o) of FRS 17 (as revised), the assets for the current period and previous two periods are measured at current bid price. Asset values previously measured at mid-market value for the periods ending 2008 and 2007 have been re-measured for this purpose. Asset values for periods ending 2006 and 2005 are shown at mid-market value and have not been re measured as permitted by FRS 17 (as revised)

h) History of Experience gains and losses

	31 March 2009 £M	31 March 2008 £M	31 March 2007 £M	31 March 2006 £M	31 March 2005 £M
Experience (loss)/gain on assets	(3.39)	(1.18)	0.21	1.51	N/A
Experience (losses) on liabilities	(0.06)	(0.75)	(0.09)	0.00	N/A

In accordance with Paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for periods beginning on or after 6 April 2007. The history of experience gain/ (loss) on liabilities shown has not been re-stated for periods ending 2007, 2006 and 2005 and includes the experience relating to unfunded liabilities.

N/A – Not Available

20. POST BALANCE SHEET EVENTS

The Accounting Officer authorised these financial statements for issue on 28 September 2009.

21. RELATED PARTY TRANSACTIONS

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

<u>Name</u>	<u>Relationship</u>	<u>Grants Awards 2008/2009</u> <u>£'000</u>	<u>Balance Remaining</u> <u>£'000</u>
Prof. L McAllister <i>Vice Chair</i>	Director of Welsh Football Trust funded by FAW Football in the Community	832	Nil
G Davies <i>Director of Operations Left</i> <i>28.02.2009</i>	Director Commonwealth Games CNCL Wales	79	Nil
	Member of club affiliated to Cricket Board of Wales	390	147
	Director Ryder Cup Wales Affiliated to Golf Union of Wales	317	Nil
A Hamilton <i>Head of People & Programme Development</i>	Member Welsh Netball Association	180	Nil
A Williams <i>Manager Plas Menai Watersports Centre</i>	Member Welsh Yachting Association	221	Nil
	Member Welsh Canoeing Association	221	Nil
S Powell <i>Head of Performance and Excellence</i>	Member Welsh Hockey Union	453	Nil
M Frost <i>Head of Regions</i>	Member of Cricket Board of Wales	390	Nil
Dr. W M Leyshon <i>Council Member</i>	Member of clubs affiliated to Athletics Association of Wales	353	4
R Harris <i>Council Member</i>	Cllr Cerdigion County Council	252	Nil
D R Turner <i>Co opted Member</i>	Member of club affiliated to Athletics Association of Wales	353	Nil