



**United Kingdom Sports Council Financial Statements for
the Year Ended 31st March 2001**

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FOREWORD AND ANNUAL REPORT

History and Background of the United Kingdom Sports Council

- 1 The United Kingdom Sports Council was established on 19 September 1996 by Royal Charter, and its key objectives are:
 - 1.1 supporting sports of UK significance to achieve success on the international stage
 - 1.2 increasing the influence of the UK in International Sport
 - 1.3 to administer an anti doping programme designed to protect athletes right to participate in drug free sport
 - 1.4 to establish the United Kingdom Sports Institute
- 2 These accounts have been prepared in accordance with the direction of the Department for Culture, Media and Sport issued on the 9th July 1997. A copy of that direction may be obtained from the United Kingdom Sports Council at 40 Bernard Street, London, WC1N 1ST.
- 3 The United Kingdom Sports Council, referred to as UK Sport hereafter, is required to have its accounts audited by a body approved by the Secretary of State. UK Sport agreed to appoint the Comptroller and Auditor General in January 1997 and terms of engagement were subsequently confirmed on 9th June 1997.

Results for the Year

- 4 UK Sport's operating surplus for the year was £137,052 (1999/2000 £35,684) the net effect of interest receivable and taxation bringing this to £166,704 (1999/2000 £74,273). This result is a continuation of our drive to reduce costs in the early years of the funding agreement, creating a reserve to ensure consistent levels of service in future years when inflation increases costs. The reserves now stand at £ 217,218 (1999/2000 £15,513), representing 1.5 % of current year spending.

Review of Activities

- 5 UK Sport was established to focus on high performance sport at UK level with the aim of achieving sporting excellence on the world stage and putting the UK at the top of world sport. This is achieved through partnership with UK Governing bodies of sport and investment in the World Class Performance Programme.
- 6 Attracting world class events through support of the bidding and staging processes .

- 7 The United Kingdom Sports Institute Central Services team was established as a division of UKSport, resulting in the recruitment of 21 staff during 2000/2001. The team provided expert advice and guidance to sports as well as the network of centres that make up the UK Sport Institute, with the aim of enhancing their work, developing the people supporting our athlete and providing expert knowledge where needed. Its areas of expertise include coaching, performance planning, sports science, sports medicine, technology, innovation, education and IT.
- 8 UK Sport is responsible for the development of national anti-doping policy, implementation and management of effective testing, education and information programmes .
- 9 Increasing influence at an International level to raise the profile of the UK in sport, through high quality representation and managing international agreements through sport .

Fixed Assets

- 10 UK Sport's accounting policy on fixed assets is set out in note 2.5 to the accounts.

Council Members

- 11 The members of the Council during the period under review were:

	Date of Appointment
Chairman Sir Rodney Walker	6 July 1998
Deputy Chairman Mr Craig Reddie CBE	Reappointed 19 th September 1999
Members Prof Sarah Springman OBE	Reappointed 19 th September 1999
Dr Mary Nevill	Reappointed 1 st October 1999, resigned 2 January 2001
Ms Judy Simpson	Reappointed 6 th February 2000
Mr Trevor Brooking CBE	6 July 1998
Ms Zahara Hyde Peters	23 November 1998
Mrs Diana King OBE	23 November 1998
Mr Adrian Metcalfe OBE	23 November 1998
Prof Myra Nimmo	23 November 1998
Mr Gavin Stewart	23 November 1998
Ms Tanni Grey –Thompson OBE	23 November 1998
Mr Alastair Dempster	1 July 1999
Mr Gareth Davies	9 September 1999
Prof Eric Saunders	7 March 2000
Mr Des Wilson	13 March 2000

- 12 Sir Rodney Walker's initial appointment was for 3 years which was extended to 5 years. Other members are appointed for a fixed term of 3 years and may be reappointed thereafter as determined by the Secretary of State for Culture, Media and Sport.

Research and Development

- 13 UK Sport has a dedicated team of researchers. The Strategy, Ethics & Research (SEARCH) team is, inter alia, a research resource for internal staff and external partners. It carries out, commissions and manages research projects as required by UK Sport. It also advises and assists staff and partners in the development of research proposals.

Significant Events and Changes

- 14 UKSport was able to demonstrate significant progress at the Sydney 2000 Olympic games:
- 14.1 UK finished 10th in the medal table - target top 15
 - 14.2 UK finished 2nd in the medal table at the Paralympic Games – target top 3.
- 15 Performance in key Funding Agreement targets:
- 15.1 The number of gold/silver/bronze medals won at major Olympic, World, European championships by teams/athletes (able bodied) from sports in the UK World Class Performance Programme Target 98, Actual 110
 - 15.2 In respect of athletes with disabilities Target of Paralympic medals 128, Actual 131
 - 15.3 Number of British teams / athletes in UK Sport Priority 1 and 2 sports ranked within the top ten of their sport Actual 79
 - 15.4 Proportion of athletes in the World Class programme who are or have been in receipt of services provided through the UKSI Network Actual 67% (this figure represents proportion of athletes who have been assessed under the ACE UK programme)
 - 15.5 Number of International Sports Federations on which UK nationals hold senior posts Target 32, Actual 40
 - 15.6 Number of major events staged in the UK and supported by UK Sport Target 17 Actual 13
- 16 The UK Sports Institute Central Services Team is now up and running, the activities of that Institute is a beneficiary of £4 million of exchequer funds guaranteed for each of the next 3 years.
- 17 A number of major reviews have been undertaken during this year including the Pre-Sydney Review of investment to support world class athletes, Prioritisation of Sports - to guide investment decisions, Post Sydney Review - to identify lessons learnt and changes to be made from the Sydney 2000 Olympics In addition a review of funding required to support athletes in the build up to Athens 2004 has been undertaken.
- 18 We have a new three-year funding agreement with the DCMS, covering the period from April 2001 to March 2004, and is subject to the achievement of set performance measures. The newly agreed key performance measures are mostly non-financial. Performance against these measures is reviewed annually with the DCMS.
- Some of the agreed measures are:
- 18.1 Improved public perception of high performance sports in the UK
 - 18.2 Improved funding of high performance sport and development of support services
 - 18.3 Increase number of major sporting events staged in the UK

- 18.4 Increased provision of support, education and training to sports personnel
- 18.5 Increase in number of medals won via the UK World Class Performance Programme (disabled and able-bodied).
- 19 A review of funding for Elite Sports commissioned by the DCMS under the direction of Dr Jack Cunningham MP started during the year, the report of that review is expected to be published in the summer of 2001.
- 20 The UK Sports Institute Athlete Medical Scheme was implemented in January 2001
- 21 The Athlete Career and Education Advisers (ACE UK) programme were operational throughout 2000/01
- 22 The Statement of Anti Doping Policy was agreed during the year for implementation in January 2002
- 23 Corporate Services, provides the Finance, Human Resources, Systems support to the organisation. During the year key projects undertaken have been:
- 23.1 Relocation of the organisation to Russell Square
- 23.2 Implementation of a new pay and grading system
- 23.3 Taken over direct responsibility for financial accounting, previously sub contracted
- 23.4 Out sourcing of the organisations payroll management to achieve better value
- 23.5 Implementation of improved systems security

Appointment as Lottery Distributor

- 24 The Secretary of State appointed UK Sport as a lottery distributor from 1 July 1999. Over £38m of lottery money has been distributed in grants to sporting bodies and individuals since appointment. Lottery funds are accounted for separately, and a copy of the accounts can be obtained from UK Sport at 40 Bernard Street, London WC1N 1ST.

Employment Issues

- 25 UK Sport ensures that disabled people are given opportunities for suitable employment and that they are not discriminated against on the grounds of disability. UK Sport is committed to the development of positive policies to promote equal opportunity in employment.
- 26 UK Sport involves employees in decisions, which may affect their welfare through bringing together representatives of the management, and trade unions in a working environment.

Prompt Payment Policy

- 27 UK Sport aims to comply with the Better Payment Practice Code. Payment terms are agreed with suppliers at the outset, and invoices are paid in accordance with those terms. Any disputed invoices are referred to suppliers and are dealt with expeditiously. The target is to pay within 30 days.
- 28 63.6% (1999/00 – 91.7%) of invoices were paid on time. Our rate of payment deteriorated in the last few weeks of the year, when funding due for UKSI from the Lottery funds of some Home Countries Sports Councils were not received on time. This has resulted in higher accrued income (note 12) and trade creditors (note 13) at the end of the year.

Corporate Governance

- 29 As a Non-Departmental Public Body established by Royal Charter whose Council members are appointed by the Secretary of State for Culture, Media and Sport, UK Sport is different from a limited liability company and some aspects of the Code of Best Practice, issued by the Cadbury Committee on the Financial aspects of Corporate Governance, are not applicable. However, UK Sport has adopted the Code of Best Practice, which has been developed by the Department for Culture, Media and Sport and is based on the recommendations of the Cadbury Committee. UK Sport complies with that Code of Best Practice in all material respects. In line with guidance issued by HM Treasury, a Statement on Systems of Internal Financial Control has been prepared. Furthermore, we are taking reasonable steps to comply with the Treasury's requirement for a statement of Internal Control to be prepared for the year ended 31 March 2002.

The Euro

- 30 The activities of UK Sport are largely national. Although some exposure to transactions in Euros is likely, it is not considered that these will be significant. Our financial systems are capable of dealing with the new currency and procedures can be easily revised to accommodate it. Costs of ensuring compliance are not expected to be significant.

Significant Future Events

- 31 There are no significant future events.

Increased Grant-In-Aid

- 32 Grant-In-Aid has been increased in the new funding agreement as a result of the Spending Review 2000 settlement. From 2001-2002, an additional £ 4 Million per year is now provided to fund the UK Sport Institute Central Services Team, which was previously funded from the Lottery fund by the Home Country Sports Councils).
- 33 Another £ 1 million has been provided for the modernisation of the national governing bodies of sport in 2001-2002 rising to £ 3 million in each of the two subsequent years.

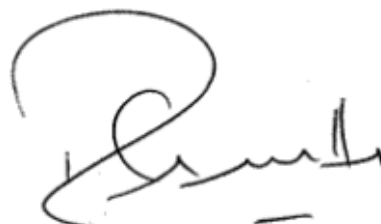
Richard Callicott

Chief Executive and Accounting Officer of the UK Sports Council



Rodney Walker

Chairman of the UK Sport Council



STATEMENT OF THE UNITED KINGDOM SPORTS COUNCIL'S AND CHIEF EXECUTIVES RESPONSIBILITIES.

- 34 The Royal Charter requires UK Sport to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of UK Sport's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.
- 35 In preparing the accounts UK Sport is required to:
- 35.1 observe the accounts direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - 35.2 make judgements and estimates on a reasonable basis;
 - 35.3 state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
 - 35.4 prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Council will continue in operation.
 - 35.5 ensure that expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.
- 36 The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of UK Sport as the Accounting Officer for UK Sport. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by the Treasury and published in "Government Accounting" (HMSO).

Richard Callicott

Chief Executive and Accounting Officer of the UK Sports Council



Rodney Walker

Chairman of the UK Sport Council



CORPORATE GOVERNANCE: STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

- 37 As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial controls is maintained and operated by UK Sport.
- 38 As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and I am taking reasonable steps to comply with the Treasury's requirement for a statement of Internal Control to be prepared for the year ended 31 March 2002, in accordance with guidance [to be] issued by them.
- 39 The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
- 40 The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:
- 40.1 Budgeting systems with an annual budget which is reviewed and agreed by the UK Sports Council Members;
 - 40.2 Regular reviews by council members of monthly and annual financial reports which indicate financial performance against forecasts;
 - 40.3 Setting targets to measure financial and other performance.
 - 40.4 Systems for the assessment and control of grant applications ensuring that all applications receive sufficient, consistent, processing in line with policy and financial directions of the Secretary of State
- 41 Monthly management accounts are prepared on accruals basis within two weeks of each month for active budget management across the organisation. The consequent improvement in budgetary control and deliberate cost reduction measures have resulted in a surplus for this year of £201,704.
- 42 My review of the effectiveness of the system of internal financial control is informed by: the work of the internal auditors (who provide me with an Annual Statement of Assurance), the Audit Committee which oversees the work of the internal auditors, the executive managers within UK Sport who have the responsibility for the development and maintenance of the financial control framework and comments made by external auditors in their management letter and other reports.
- 43 UK Sport uses Deloitte & Touche to provide an internal audit service, which operates to standards defined in the Government Internal Audit Manual. The work of the internal audit service is informed by an analysis of the risk to which UK Sport is exposed, and annual internal audit plans are based on this analysis.
- 44 During 2000/01 the directors have focussed on addressing the issue of uncertainty (risks and opportunities) management. Key uncertainties the organisation faces have been identified and prioritised in terms of their potential impact on the business and the likelihood of occurrence.

- 45 A risk register being produced and key actions to be taken for each risk together with responsibilities identified. This analysis will inform future internal audit plans and together with regular management review should ensure focus is maintained on managing uncertainties. The analysis of risk and the internal audit plans are endorsed by UK Sport's Audit Committee and approved by me.

Richard Callicott
Accounting Officer for UK Sport.

A handwritten signature in cursive script that reads "Richard Callicott". The signature is written in black ink and is positioned above a horizontal line.

The Certificate of the Comptroller and Auditor General to the United Kingdom Sports Council

I certify that I have audited the financial statements on pages 12 to 27 which have been prepared under the historic cost convention and the accounting policies set out on pages 16 to 17.

Respective responsibilities of the Council, the Chief Executive and Auditors

As described on page 8 the United Kingdom Sports Council and the Chief Executive of the Council, as the Accounting Officer, are responsible for the preparation of financial statements and for ensuring the regularity of financial transactions. The Chief Executive and the Council are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the directions made by the Secretary of State for Culture, Media and Sport, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report, if in my opinion, the Foreword is not consistent with the financial statements, if the Council has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 9 - 10 reflects the Council's compliance with the Treasury's guidance 'Corporate Governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the United Kingdom Sports Council's 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 are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the United Kingdom Sports Council at 31 March 2001 and of its surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the directions made by the Secretary of State for Culture, Media and Sport; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

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

Income & Expenditure Account

Continuing Activities	Note	2000/01 £ ,000	1999/00 £ ,000
INCOME			
Grant in Aid	3	12,452	12,327
Other Operating Income	4	2,597	687
Transfer from Deferred Grant Account	14	152	54
		<u>15,201</u>	<u>13,068</u>
EXPENDITURE			
Staff Costs	5	(2,236)	(1,474)
Grants and Other Operating Costs	6	(12,793)	(11,549)
Notional Interest on Capital Employed		(35)	(9)
		<u>(15,064)</u>	<u>(13,032)</u>
OPERATING SURPLUS	7	137	36
Interest Receivable	8	36	47
SURPLUS BEFORE TAXATION		173	83
Taxation	9	(6)	(9)
		<u>167</u>	<u>74</u>
Reversal of Notional Interest on Capital Employed		35	9
SURPLUS FOR PERIOD		202	83
Retained Surplus/(deficit) brought forward		15	(68)
Retained Surplus carried forward	16	<u>217</u>	<u>15</u>

No Statement of Recognised Gains and Losses has been prepared, as all gains and losses have been recorded in the Income and Expenditure Account.

Balance Sheet as at 31 March 2001

	Note	2000/01 £ ,000	1999/00 £ ,000
Fixed Assets			
Tangible Assets	10	437	288
Current Assets			
Stock	11	14	19
Debtors	12	1,242	326
Cash at bank and in hand		<u>348</u>	<u>248</u>
		1,604	593
Creditors			
Amounts falling due within one year	13	<u>(1,225)</u>	<u>(518)</u>
Net Current Assets		379	75
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>816</u></u>	<u><u>363</u></u>
Financed by:			
Accrued and Deferred Income			
Deferred grant account	14	437	291
Provision for dilapidation and unexpired lease	15	162	57
Capital and General Funds			
Revenue Reserves	16	<u>217</u>	<u>15</u>
		<u><u>816</u></u>	<u><u>363</u></u>

Richard Callicott
Chief Executive and Accounting Officer of the UK
Sports Council

Rodney Walker
Chairman of the UK Sport Council

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C Cash Flow Statement

	2000/01 £ ,000	1999/00 £ ,000
OPERATING ACTIVITIES		
Revenue Grant-in-Aid received	12,452	12,327
Other receipts	1,662	703
Payments	<u>(14,060)</u>	<u>(12,858)</u>
Net cash inflow from operating activities	54	172
RETURNS ON INVESTMENTS		
Interest received	36	47
Income from sale of Fixed Assets	19	-
Net cash inflow from returns on investment	<u>55</u>	<u>47</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(298)	(273)
Taxation	(9)	(9)
	<u>(307)</u>	<u>(282)</u>
Net cash outflow before financing	(198)	(63)
FINANCING		
Grant-in-Aid applied towards purchase of fixed assets	298	273
Net cash inflow from financing activities	<u>298</u>	<u>273</u>
Increase in cash	<u><u>100</u></u>	<u><u>210</u></u>

1.0 Reconciliation of Operating Surplus to Net Cash Outflow from Operating Activities

	2000/01 £ ,000	1999/00 £ ,000
Operating Activities		
Operating Surplus	137	36
Depreciation of Tangible Fixed Assets	135	47
(Gain)/Loss on Disposal Fixed Assets	(5)	10
Transfer from Deferred Grant Account	(152)	(54)
Movement in Stock	5	3
Notional Interest on Capital Employed	35	9
(Increase) /Decrease in Debtors	(916)	16
Increase in Creditors	707	48
Increase in provision for dilapidation and rent	105	57
Net cash outflow from operating activities	<u>51</u>	<u>172</u>

1.2 Reconciliation of Net Cash flow to Movement in Net Funds

	2000/01 £ ,000	1999/00 £ ,000
Increase to Cash in Period	100	210
Movement in Liquid Resources	<u>911</u>	<u>(19)</u>
Changes in Net Funds	1,011	191
Net Funds at start of Period	<u>593</u>	<u>402</u>
Net Funds at end of Period	<u>1,604</u>	<u>593</u>

1.3 Analysis of Changes in Cash and Cash Equivalents during the Year

	2000/01 £ ,000	1999/00 £ ,000
Opening cash balance	248	38
Cash inflow/(outflow)	<u>100</u>	<u>210</u>
Cash balance as at 31 March	<u>348</u>	<u>248</u>

2.0 ACCOUNTING POLICIES

2.1 Accounting Convention

The accounts have been prepared under the modified historical cost basis. Whilst the accounts direction requires the inclusion of fixed assets at their value to the business by reference to current costs, the Council believes that for 2000-2001 modified historic costs are not materially different to the historic costs shown in the balance sheet. Without limiting the information given, the accounts meet the requirements of the Companies Act 1985, the Accounting Standards issued or adopted by the Accounting Standards Board and HM Treasury guidance on accounts of Non-Departmental Public Bodies in so far as those requirements are appropriate.

2.2 Basis of Preparation

The Accounts are prepared in a form directed by the Secretary of State for Culture Media and Sport with the consent of Treasury.

2.3 Grants Received

Government Grant-in-Aid received of a revenue nature is credited to the income and expenditure account in the year in which it is received.

Grant-in-Aid relating to capital expenditure is credited to a deferred government grant account and is released to revenue over the expected useful lives of the assets it has been used to purchase.

2.4 Fees for Consultancy Services

Income includes revenue received in respect of services for doping tests stated exclusive of VAT and similar taxes.

2.5 Tangible Fixed Assets

There are no freehold land and buildings.

The Sports Council Trust Company owns the leases to 4 floors at Walkden House previously occupied by UK Sport under licence. The last of these licences will terminate in Sept. 2003. The premises are at present sublet to the Commonwealth Games Federation and provision (note 15) is made in these accounts for the possible early termination of the arrangement.

The direction issued by the Department of National Heritage (now Department for Culture Media and Sport) on 9th July 1997 requires fixed assets to be included in the accounts at their value to the business by reference to current costs where this is materially different to their value under the historical cost convention. The assets of UK Sport are computers and other similar office equipment together with equipment used for sampling drug tests and they have not been revalued. UK Sport considers that there is no material difference between their values by reference to current cost convention.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

EAD Testing Equipment	5 years
Computer equipment	3 years
Office refurbishment	7 years

2.6 Research and Development

Research and Development costs are written off as incurred and not carried forward as an asset.

2.7 Grants and Loans Awarded

Grants payable are charged to the Income and Expenditure Account on the basis of actual payments made. UK Sport may give financial assistance by way of grants and loans to any person or organisation in furtherance of the objectives of the Council. There are no amounts owing to the Council as at 31st March 2001 other than season ticket loans made to staff.

2.9 Pension Costs

Contributions to UK Sport's pension schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with UK Sport.

2.8 Leases and Operating Licences

Rentals paid under operating licences are expended in the year to which the charge relates. A 15 year lease was signed for the new office premises as 40 Bernard Street with Bloomsbury Property Investment Limited at an annual lease of £441,300 with effect from 15 December, 1999. The first nine months of the lease were rent free, all lease payments are expended in the year to which they relate.

2.10 Investment

There are no fixed asset or trade investments. Bank interest is included in the Income and Expenditure Account.

2.11 Stocks

Stocks are valued at the lower of cost, or net current replacement cost if materially different, and net realisable value.

2.12 Value Added Tax

UK Sport is registered for VAT being involved in business and non-business activities for VAT purposes. UK Sport has agreed a methodology with HM Customs and Excise, which results in tax recovery rates of 23.5% for the business activity of Dope testing, and 12.22% for supporting activities. Income generated from Dope testing activities is subject to VAT at the standard rate, as appropriate.

2.13 Notional Costs

Notional interest on capital is calculated on the basis of 6% of average net assets.

3. Grant in Aid

	2000/01 £ ,000	1999/00 £ ,000
Received from the Department for Culture Media and Sport (Class XI Vote 1):	12,750	12,600
Applied towards		
Purchase of Tangible Fixed Assets (Note 14)	(298)	(273)
Total Grant-in –Aid applied towards Revenue Expenditure	<u>12,452</u>	<u>12,327</u>

4. Other Operating Income

	2000/01 £ ,000	1999/00 £ ,000
Home Country Lottery Funds	1,604	0
Sales of Publications	9	4
Doping Control Receipts	447	396
Other	537	287
Total	<u>2,597</u>	<u>687</u>

5.0 Staffing and Management**5.1 Staff costs**

	2000/01 £ ,000	1999/00 £ ,000
Wages and Salaries	1,827	1,113
Temporary and Agency Staff	114	196
Social Security Costs	161	83
Other Pension Costs	134	82
Aggregate Staff Costs	<u>2,236</u>	<u>1,474</u>

5.2 The average number of staff during the period was made up as follows:

Function:	2000/01	1999/00
Corporate Services	21	15
Performance Development	7	8
UKSI – Project Team	-	3
UKSI - Central Services	30	-
International Relation and Major Events	8	7
Anti Doping (1999/00 included Ethics)	13	15
Total	<u>79</u>	<u>48</u>

1999/2000 figures include 3 secondees.

Ethics became part of Corporate Services during the year with one staff transferring

UKSI numbers include 6 ACE UK staff who transferred from APDS limited during the year

5.3 Salary and pension entitlements of most senior members of UKSport

		Age	Salary, including performance pay in (£k) 60	Real increase in pension (£k)	Total at pension 31/03/01	Accrued at 60 (£k)
Richard Callicott	Chief Exec	54	75-80	0 – 2.5		0 – 5
Neil Shearer	Director	45	50-55	0 – 2.5		0 – 5
Roger Moreland	Director	43	50-55	0 – 2.5		5 – 10
Liz Nicholl	Director	48	50-55	0 – 2.5		0 – 2.5
John Scott	Director	49	50-55	0 – 2.5		15 – 20
Michele Verroken	Director	46	45-50	0 – 2.5		5 – 10

The current Chief Executive of UK Sport, Richard Callicott was appointed on 23 August 1999, his remuneration for the period to 31 March 2001 was £83,264 (1999/2000 XXXXX) including employer's pension contributions. He is a member of London Pension Fund Authority Superannuation Scheme, to which UK Sport pays a contribution equivalent to 8.5% of salary.

5.4 Chairman

Sir Rodney Walker was appointed as Chairman of UK Sport on 6 July 1998. The appointment has been extended from 3 to 5 years ending on 5 July 2003 and carries a non pensionable salary of £36,704 (1999/2000 XXXXX) in return for working on average, 3 days per week.

5.5 Members remuneration

UK Sport pays members remuneration of £180 per day (1999/2000-£175 per day) for attendance at meetings (£90 for half day meetings (1999/2000-£87.5) changes to the old rate took effect from July 2000. Members cannot receive more than 12 payments a year, these amounted to £12,770 (1999/2000-£4,289) during the year as follows:

	£ 2000/01	£ 1999/00
Gareth Davis	270	175
Diana King	2,160	525
Adrian Metcalf	2,788	613
Zahara Hyde Peters	900	263
Craig Reddie	1,077	350
Sarah Springman	900	963
Gavin Stewart	1,260	525
Mary Neville	900	175
Myra Nimmo	720	700
Tanni Grey-Thompson	540	-
Eric Saunders	715	-
Judy Simpson	540	-
	12,770	4,289

6. Grants and Other Operating Costs

	2000/01 £ ,000	1999/00 £ ,000
NATIONAL SUPPORT		
Sports Bodies	4,770	4,653
Sports Services	1,135	1,080
Facility Development	834	238
Support to National Centres	1,550	1,550
Communications	186	210
International Representation	908	798
Ethics and Anti Doping	1,380	1,468
Other Expenses	61	93
	10,824	10,090
FINANCE AND MANAGEMENT SERVICES		
HQ office costs	1,233	700
Other Expenses	736	759
	1,969	1,459
Total Expenditure	12,793	11,549

7. Operating Result

	2000/01 £ ,000	1999/00 £ ,000
This is stated after charging		
Travel, subsistence and hospitality:		
Chairman, members	19	38
Employees	281	138
Costs of Consultants and Secondees	585	700
Operating Licences on Offices	130	292
Lease – 40 Bernard Street	228	-
Depreciation	135	47
Provision for Doubtful Debts	-	13
NAO Remuneration as auditors	16	16

8. Investment Income

	2000/01 £ ,000	1999/00 £ ,000
Overnight and short term investment of bank balances	36	47

Interest rates vary from day to day and averaged approximately 4.6% (1999/2000-4.3%) per annum between 1 April 2000 and 31 March 2001

9. Taxation

	2000/01 £ ,000	1999/00 £ ,000
Corporation Tax payable on interest received	6	9

The UKSC pays corporation tax at 20% on its investment income after deducting charges.

10. Tangible Fixed Assets

	Equip & Vehicles 2000/01 £ ,000	Equip & Vehicles 1999/00 £ ,000
COST		
Cost of assets at 1 April	458	218
Additions	298	273
Disposals	(96)	(33)
Cost at 31 March	660	458
DEPRECIATION		
Accumulated Depreciation at 1 April	170	146
Charge for the period	135	47
Depreciation on Disposals	(82)	(23)
Accumulated Depreciation at 31 March	223	170
Net Book Value at 31 March 2001	437	288
Net Book Value at 1 April 2000	288	72

10.1 Grant clawback

The Direction of the Secretary of State requires these accounts to note that certain grants made by Government to the Sports Council since 1989 have been made under "clawback" arrangements (namely that in the event of change of use or disposal of tangible fixed assets in excess of £100,000, the relevant funds should be returned to the Exchequer). The responsibility in relation to the clawback of assets has been transferred from the Sports Council to the United Kingdom Sports Council with effect from 1 January 1997.

11. Stocks

These comprise special stationery and dope testing kit in the Anti-doping department.

12. Debtors

	2000/01 £ ,000	1999/00 £ ,000
As at 31 March		
Trade Debtors	290	146
Other Debtors	31	15
Prepayments and Accrued Income	921	165
All amounts falling due within one year	1,242	326

13. Creditors

	2000/01 £ ,000	1999/00 £ ,000
As at 31 March		
Trade Creditors	1,015	39
Corporation Tax	6	9
Other Taxation and Social Security	21	41
Accruals and Deferred Income	183	429
All amounts falling due within one year	1,225	518

14. Deferred Grant Account

	2000/01 £ ,000	1999/00 £ ,000
Opening Balance	291	72
Cost of Tangible Fixed Assets funded by Grant-in-Aid	298	273
Net amount transferred to Income and Expenditure Account for the period	(152)	(54)
Balance at 31 March	437	291

15. Provision for dilapidation and rent

	2000/01 £ ,000	1999/00 £ ,000
Dilapidation for 40 Bernard Street Office	23	23
Unexpired lease at Walkden House	79	34
Dilapidation for Walkden House	60	-
Provision as at 31 March	162	57
(See note 2.5 of accounting policies notes)		

16. Revenue Reserves

	2000/01 £ ,000	1999/00 £ ,000
Income and Expenditure Account		
Opening Balance	15	(68)
Surplus for the period	202	83
Balance at 31 March	217	15

See also Statement on Internal Financial Control on pages 9 - 10

17. Superannuation Scheme

The majority of staff of the UKSC are members of the London Pension Fund Authority Superannuation Scheme (LPFA). The UKSC is one of several employers whose staff participate in the scheme, and data given in this note refers to the whole scheme.

The pension is the defined benefit type and is funded by employees and employers at actuarially determined rates.

The scheme is subject to triennial valuations by the consulting actuaries to the LPFA and the latest valuation was carried out as at 31 March 1998, and published in March 1999 the next valuation is in progress with results expected in due course. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date. This represents a change in method, previous valuations being based on the discounted value of future income streams.

The main actuarial assumptions are that:

the per annum rate of general price inflation is 3.2%; and
the per annum rate of pay inflation is 5.2%.

The estimated average investment return on the funds assets is 7.3%, based on actuarial

assumptions.

The market value of scheme assets at 31 March 1998 is £2,647 million. The actuarial valuation shows that this represents 103% of the benefits accruing to members, after allowing for future increases in earnings.

Following the advice of the consulting actuaries to the LPFA the UKSC's employer contribution was increased from 5.7% to 8.5% with effect from 1 April 1998.

18. Annual Commitments Leases and Operating Licences

	2000/01 £ ,000	1999/00 £ ,000
LAND AND BUILDINGS		
Licences and service charges - expiring within 1 year	-	34
Licences and service charges - expiring within 2 and 5 years	40	40
Licences and service charges - expiring after at least 5 years	-	694
Leases and service charges		
40 Bernard Street – expiring after at least 5 years	644	-

The land and buildings operating licences allocated to UKSC are granted under leases held by the Sports Council Trust Company a subsidiary of Sport England. The annual commitments under these licences are treated as commitments of UKSC.

19. Grant Commitments

On the undertaking that funds are to be provided by the Department of Culture Media and Sport, the UKSC, at 31 March 2001, had entered into commitments to pay grants to governing bodies in respect of their approved programmes in the following years:

	2000/2001 '000	1999/2000 '000
2000/01	-	4,176
2001/02	4,143	907
2002/03	624	653
2003/04	185	343
2004/05	120	-
	5,072	6,079

Of this total grant commitment, £2,733k (1999/2000 - £3,590K) relates to Olympic Sports Bodies.

20. Contingent Liabilities

As at 31 March 2001 the UKSC had no contingent liabilities.

21. Related Party Transactions

The United Kingdom Sports Council is a Non-Departmental Government Body sponsored by the Department for Culture, Media and Sport.

The Department for Culture, Media and Sport is regarded as a related party. During the period of 1 April 1999 to 31 March 2001 the United Kingdom Sports Council has had various material transactions with the Department and with the English Sports Council, for which the Department for Culture, Media and Sport is regarded as the sponsoring Department.

None of the Board members, key managerial staff or other related parties has undertaken any material transactions with the United Kingdom Sports Council during the year.

As a matter of policy and procedure, Council members, Award Panel members and staff maintain publicly available registers of interests and declare any direct interests in grant applications made to UK Sport and any commercial relationships of the Council. If any member has an interest in an application, they exclude themselves from the relevant grant appraisal discussion and decision process within the Council.

The following transactions are considered to be disclosable Related Party Transactions:

GRANT	ORGANISATION	INDIVIDUAL	RELATIONSHIP
£442,500	UK Athletics	Tanni Grey-Thompson	Employee
£20,000	British Gliding Association	Diana King	Member of related organisation
£115,000	National Ice Skating Association	Richard Gordon	Employee
£50,000	British Olympic Association	Craig Reddie	Chairman
£15,000	British Olympic Association	Craig Reddie	Chairman
£283,631	British Paralympic Association	Tanni Grey-Thompson	Member of related organisation
£8,900	Amateur Rowing Association	Sarah Springman	Member
£170,000	Amateur Swimming Federation of Great Britain	Ian Mason	Chairman

Reconciliation of Movements in Government Funds

	2000/01 £ ,000	1999/00 £ ,000
Surplus/(Deficit) for the year	202	83
Net addition/ (deduction) to Government Funds	202	83
Government Funds brought forward	15	(68)
Government Funds carried forward	217	15