

The English Institute of Sport Limited

**Annual Report and Financial Statements
For the year ended 31st March 2017**

The English Institute of Sport Limited

**Annual Report and Financial Statements
For the year ended 31st March 2017**

Presented to Parliament pursuant to Article 6(2)(b) of the Government Resources and
Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009
(SI2009/476)

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The English Institute of Sport Limited

Financial Statements

Year Ended 31 March 2017

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The English Institute of Sport Limited
Company Registration Number 04420052

Officers and Professional Advisers

Directors	J Steele - Chair N Walker – National Director V Aggar R Carr CBE (resigned 21 April 2017) Professor J Doust JC Hunter V Luck H Martin (resigned 14 December 2016) S Munday Sir D Tanner CBE S Timson (resigned 28 September 2016) C Warr (appointed 28 September 2016) J Skiggs (appointed 19 June 2017)
Company Secretary	J Quick
Registered Office	The Manchester Institute of Health and Performance 299 Alan Turing Way Manchester M11 3BS
Auditor	Comptroller and Auditor General National Audit Office 157 – 197 Buckingham Palace Road Victoria London SW1W 9SP

The English Institute of Sport Limited

Strategic Report

Year Ended 31 March 2017

The results and a detailed review of the main activities carried out in the year are contained in the Directors' Report.

At the heart of the English Institute of Sport (EIS) Tokyo strategy (the four year cycle to 2020) is the drive to ensure that our service provision is specifically tailored to achieve maximum performance impact for each World Class Programme (WCP) and is delivered as effectively and efficiently as possible. With this goal in mind we conducted an extensive consultation process engaging our staff, the sports and our partner organisations which has resulted in the following strategic priorities for the Tokyo cycle.

- World Class Delivery – deliver and develop world leading front line support to achieve ‘What it Takes to Win’ (WITTW).
- Prioritising Athlete Health – contribute to optimal athlete well-being and availability for preparation and performance by supporting risk management of sports’ most prevalent injuries and illnesses.
- Performance Innovation – cultivate an environment that enables athletes to gain a performance advantage through novel application of ideas.
- Exceptional Development – work in partnership with sports to attract, inspire and retain exceptional people to excel in the high performance system.
- Partnering with Coaches – partner with coaches to enable them to effectively utilise science, medicine, data and technology.
- Managing Targeted Sports – in partnership with National Governing Bodies (NGBs) provide effective and efficient performance leadership and governance to targeted WCPs.
- Operational Excellence – provide robust and agile support to performance through operational excellence and strong governance.
- Organisational Health – optimise organisational performance through rigorous focus on organisational health and continuous improvement.
- Data and Analytics Driven – accelerate the adoption of data and analysis to inform decisions that improve performance.

There are several risks that are actively being managed, with the primary ones being:

- Risks around staff retention and the loss of talent due to restrictions on pay increases;
- Risks around recruitment and the challenges attracting new practitioners of the required standard;
- Risks associated with practice going beyond boundaries of ethical acceptability;
- Risks associated with failing to meet the performance expectations and requirements of the sports to whom we provide services;

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Strategic Report *(continued)*

Year Ended 31 March 2017

- Risks around the changing environment that we operate in, for example risks to staff safety, such as travel for training and competition to countries at risk of terrorist activity.

The emphasis over the next 12 months will be on continuing to effectively manage the implementation of our Tokyo strategy with a focus on the key strategic priorities of World Class Delivery, Athlete Health and Performance Innovation.

Signed by order of the directors.

N Walker, Director

Approved by the directors on 26 June 2017

The English Institute of Sport Limited

Directors' Report

Year Ended 31 March 2017

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 March 2017.

Principal Activities and Business Review

The English Institute of Sport (EIS) provides sport science, medicine, technology and engineering services to elite athletes, primarily in World Class funded sports (the company's principal activity). The company is a wholly owned subsidiary of The United Kingdom Sports Council (UKS).

EIS continues to receive core funding from UKS to support its infrastructure, with direct costs of service provision funded by charging the NGBs for agreed levels of service. NGB income has been slightly lower than anticipated this year but is still marginally higher than the previous year.

The main activities during the year have included:

- 350 EIS staff provided 4,500 hours of support to 1,200 athletes per week;
- 93% of the GB Olympic and Paralympic medalists at Rio 2016 have been supported by the EIS. There were 122 staff in Rio, in accredited and non-accredited roles, supporting Team GB and 49 staff supporting ParalympicsGB;
- Other Rio specific delivery included ensuring that the IT equipment and infrastructure was in place to support practitioners whilst they were operating in the field;
- The EIS Tokyo strategy was finalised in September, securing UKS investment for the next four year cycle and with early drawdown against the award enabling implementation to commence immediately post the Rio Games;
- The Senior Management Team (SMT) was restructured to ensure greater technical representation, with both Athlete Health and Performance Innovation (formally Research and Innovation) now led by a Director on the SMT;
- The creation of a temporary Director of Human Resources and Change role on the SMT has ensured oversight of the people aspects of implementing the Tokyo strategy;
- Head of Performance Support roles (HoPS) have been created to drive the further evolution of the WITTW model;
- 4 year service agreements have been secured with the NGBs for the Tokyo cycle;
- Reacting to the decreased number of WCPs funded by UKS for the Tokyo cycle required a complex redundancy process to be managed in the final quarter of the year, coupled with commencing the withdrawal of service provision from the National Badminton Centre in Milton Keynes and the Lee Valley Athletics Centre;
- The next phase of the Performance Data Management System has been implemented, with functionality supporting the NGB charging process. This went live in April 2017.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2017

Principal Activities and Business Review *(continued)*

As mentioned in the Strategic Report a significant amount of resource was dedicated to developing the strategy for the Tokyo cycle. To inform our thinking we reflected on the lessons learnt over the last four years and considered how they shape our future. We commissioned the development of an EIS "Fact Pack" which provided a detailed overview of the historical journey to date and the current EIS operating structures. We also sought feedback on our intended future direction from our staff and the sports with whom we work. A key lesson identified was a need to simplify our engagement model with sports to accelerate the adoption and implementation of WITTW.

After the London Games sport specific technical models, referred to as WITTW, were introduced for two primary reasons. Firstly, to support sports to define more accurately the key determinants of performance required to medal at world level and secondly to align multi-disciplinary team activity behind the delivery of these models. Whilst there has been significant progress in developing these models their effective implementation has been hampered by a complex line management structure in which practitioners were managed within their respective discipline by a mixture of EIS and NGB personnel. To address this HoPS roles have been created, employed either by the EIS or by the NGB. In addition to leading the continued evolution of WITTW models this role will assume line management responsibility for all science and medicine practitioners. A minimum HoPS allocation of 0.50 FTE per sport will ensure a more bespoke engagement approach coupled with a greater focus and capacity to deliver. We commenced recruiting to these key roles in the autumn of 2016, with most individuals in place by April 2017.

Given the rate and extent of change communications have continued to be a high priority throughout the year. Staff have been kept informed and updated via a variety of communication methods, including the annual national conference, all staff teleconferences held quarterly, weekly update messages and one to one and group discussions at EIS sites. This included Talking Tokyo workshops run at each of the sites in the autumn of 2016 and spring of 2017 to launch the Tokyo strategy and update on progress respectively. NGBs have been consulted and kept informed through one to one dialogue and meetings, as well as via the Performance Directors' Forum Group, and their views independently sought through the NGB survey conducted in the spring. In addition, a technical update is sent to NGBs three times a year.

Also of significance during the year, EIS for the third year running took part in the Sunday Times Top 100 Companies Survey in the 'not for profit' category and achieved 73rd position. This was slightly down on our previous year position of 52nd and we continue to look at ways of addressing key learnings from the feedback we received from staff as part of this process.

The results of the triennial valuation of the London Pension Fund Authority (LPFA) pension scheme showed that the EIS fund was in a net surplus position as at 31 March 2016 of £3,650,678 (assets: £25,612,817, liabilities: £21,962,139). The employer's contribution rate has been retained at 12%. The EIS fund no longer has a guarantor in place therefore UKS have issued a letter of confirmation of funding to LPFA to cover the three year period to 31 March 2020.

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Directors' Report *(continued)*

Year Ended 31 March 2017

Governance

The EIS Board meets up to six times a year to provide strategic direction to the organisation. Board members are appointed for a maximum term of four years. At the end of this time directors may be re-elected for a further four year term (i.e. maximum of two, four year terms in total).

UKS is entitled to appoint three Directors to the Board of EIS, one of whom is appointed as the Chair. John Steele is currently the Chair and Rod Carr CBE was the UKS Board's representative member on the EIS Board until April 2017. In addition, the Director of Performance from UKS is a member of the EIS Board. One Director resigned in 2016/17 with a replacement commencing in June 2017. At this point the Board will comprise three women and seven men.

The changes required of the EIS to achieve the Tokyo Strategy are complex in that they involve sports, other partners (such as UKS) and changes that are internal to the EIS. In recognition of this the EIS Board has created a Strategic Change Group to act as a sub committee of the Board and meet bi-monthly to oversee the implementation of the key changes.

The EIS is currently classified as a tier 3 organisation under the Code for Sports Governance. A gap analysis was undertaken to identify any areas where the EIS was not fully compliant with the Code and work is ongoing to ensure full compliance by October 2017.

A review of the EIS's governance is included in the UKS Governance Statement.

Future Developments

As discussed above advanced drawdown of UKS funding enabled early implementation of our Tokyo strategy, with key new SMT appointments secured in the autumn of 2016 and the majority of the HoPS team in place by April 2017.

The development of the HoPS, as individuals as well as collectively, is key to the successful delivery of the WITTW strategy. To this end, they have each been assigned a Performance Support Mentor and a bespoke 18 month development programme will commence in the autumn of 2017.

Our Tokyo strategy integrates athlete health intelligence with medical delivery making Prioritising Athlete Health one of our key strategies. An expanded team will help sports develop and implement their own athlete health programmes, engage and educate all involved in the capture and recording of athlete health data and assist with data interpretation. At a system level centralising this data will allow a deeper level of insight, enabling more accurate interventions and targeted deployment of resources.

A commitment to developing world leading knowledge and expertise in significant emerging areas of performance impact will retain our Performance Innovation strategy at the forefront of current knowledge and future direction and provide intelligence on the practices and performances of competing nations.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2017

Future Developments *(continued)*

In partnership with sports, we will continue to strive to underpin world class delivery by recruiting, developing and retaining exceptionally talented and motivated individuals.

We will continue to manage the Short Track Speed Skating World Class Programme as it prepares for the Pyeongchang Winter Olympics in February 2018 and develops its strategy for the 2022 Games in Beijing. With effect from April 2017 we also have responsibility for managing the Wheelchair Fencing WCP. At the behest of UKS we may be requested to manage additional WCPs in the Tokyo cycle to increase their efficiency and likelihood of medal success. Should this be the case we will work in partnership with UKS to conduct due diligence of the nominated WCPs (and their respective NGBs) to establish operating and financial viability prior to consideration for transfer to the EIS.

We will continue to focus resources to create world leading performance environments, working closely with UKS in support of the Elite Training Centre concept and prioritising additional capital investment at our High Performance Centres.

Finally, by continuing to develop the capacity and capability of our processes we will ensure that our support services are robust, effective and underpinned by a sound governance framework and that our staff are empowered to respond in an agile and effective manner.

Going Concern

The accounts have been prepared on a going concern basis. The directors have reviewed this position and are satisfied that the company is operating as a going concern, despite ongoing budgetary pressures. Detailed budgets have been prepared for the remainder of the funding cycle, resulting in a break even position by 31 March 2021 . UK Sport has confirmed funding to 31 March 2021.

Service level agreements are in place with 33 Olympic, Paralympic and English funded sports, the majority of which are committed until March 2021. In addition to this EIS continues to work with a few professional sports. For 2016/17 the latter generated income of £60,334.

Disabled Persons

EIS employs disabled persons on merit and every effort is made to ensure that all applicants are given full and fair consideration at all times. All reasonable adjustments are made to meet the needs of disabled employees and an occupational health service is provided to assess the needs of employees, where required, during the course of their employment. EIS is committed to providing training and development opportunities to all of its employees, both able bodied and disabled. EIS has achieved the Preliminary level of the Equality Standard for Sport and the Intermediate level of the Standards for Safeguarding and Protecting Children in Sport.

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Directors' Report *(continued)*

Year Ended 31 March 2017

Results

The deficit for the year, after taxation, amounted to £1,721,000 (*2016: deficit £2,125,000*). The deficit is mainly caused by a charge to pension contributions as a result of the actuarial valuation of the pension scheme.

The balance sheet showed net liabilities as at 31 March 2017 of £32,280,000 (*2016: net liabilities of £13,621,000*). This was caused mainly by the net liability position arising in the actuarial valuation of the pension scheme. The pension scheme valuation for FRS102 purposes differs from the triennial valuation as a result of a different set of actuarial assumptions being used.

Financial Risk Management Objectives and Policies

With approximately 29% of our funding secured through service level agreements with NGBs it is key that we meet the performance objectives set out in these agreements in order to retain this funding. To that end each of our sports has a dedicated point of contact who closely monitors both the quantity and quality of service provision provided, liaising regularly with the sport in the process. This process is supplemented by an annual Customer Satisfaction Survey; providing all of our customers with the opportunity to feedback on their service provision at a national level.

The EIS is bound by Funding Agreements (alongside a separate Financial Memorandum) and KPIs are agreed annually to ensure we meet the requirements of our key funder, UKS. Progress against the KPIs is reviewed monthly by the EIS Senior Management Team and at least four times a year by the EIS Board. The majority of KPIs being reported against are on target, and corrective action is being taken for those that are not.

Regular meetings have been held throughout 2016/17 with UK Sport to review performance. In addition governance/risk issues are addressed via the Group Audit Committee.

The Group Audit Committee, made up of non-executive directors of UK Sport and external members, meets 3-4 times per year to assist with the governance of the organisation. One of the external members is nominated by the EIS Board and approved by the UKS Board. An EIS Risk Management Strategy is in place which covers all areas of risk, financial or otherwise, and the EIS Risk Register is reviewed and updated by the SMT and Board on at least a quarterly basis. Specific areas of risk are addressed through the internal audit programme.

The English Institute of Sport Limited

Directors' Report *(continued)*

Year Ended 31 March 2017

Remuneration Policy

In order to comply with the Governance Code for Sport, the EIS is required to publish the collective salary of the Senior Management Team which for the year ended 31 March 2017 was £712,999.

Directors

The directors who served the company during the year and their remuneration are detailed below, together with details of reimbursed meeting expenses for unremunerated non-executive directors:

Name	Position	Emoluments (£000)	Expenses (£000)	
J Steele	Chairman	10-15	-	
N Walker	National Director	135-140	-	
V Aggar	Director	-	-	
R Carr	Director	-	-	Resigned 21 April 2017
Professor J Doust	Director	-	-	
JC Hunter	Director	-	-	
V Luck	Director	-	3	
H Martin	Director	50-55	-	Resigned 14 December 2016
S Munday	Director	-	-	
Sir D Tanner CBE	Director	-	-	
S Timson	Director	-	-	Resigned 28 September 2016
C Warr	Director	-	-	Appointed 28 September 2016
J Skiggs	Director	-	-	Appointed 19 June 2017

The company has indemnity insurance in relation to the directors.

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

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Directors' Report *(continued)*

Year Ended 31 March 2017

Directors' Responsibilities *(continued)*

- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office;
The Manchester Institute of
Health and Performance
299 Alan Turing Way
Manchester
M11 3BS

Signed by order of the directors

N Walker
Director

Approved by the directors on 26 June 2017

The English Institute of Sport Limited

The Certificate and Report of the Comptroller and Auditor General to the Members of The English Institute of Sport Limited

Year Ended 31 March 2017

I certify that I have audited the financial statements of the English Institute of Sport Limited for the year ended 31 March 2017 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Income, the Balance Sheet, the statement of Changes in Equity, the statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102- “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (FRS102).

Respective responsibilities of the directors and the auditor

As explained more fully in the Directors’ Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Strategic Report and Directors’ Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

The English Institute of Sport Limited

The Certificate and Report of the Comptroller and Auditor General to the Members of The English Institute of Sport Limited *(continued)*

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the United Kingdom accounting standards, including FRS102; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion

- The information given in the Strategic and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and these reports have been prepared in accordance with the applicable legal requirements; and
- In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

3 July 2017

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

The English Institute of Sport Limited

Statement of comprehensive income

Year ended 31 March 2017

	Notes	2017 £000	2016 £000
Income	2	24,225	24,596
Payroll costs	3,4	(16,399)	(15,814)
Operating costs	3	(9,043)	(10,435)
		<hr/>	<hr/>
Operating deficit before interest and taxation	3	(1,217)	(1,653)
Interest receivable and similar income	5	1	3
Interest payable	6	(505)	(474)
		<hr/>	<hr/>
Deficit on ordinary activities before taxation		(1,721)	(2,124)
Tax on ordinary activities	7	-	(1)
		<hr/>	<hr/>
Deficit for the financial year		(1,721)	(2,125)
Remeasurement of the net defined benefit liability	15	(16,938)	2,654
		<hr/>	<hr/>
Total comprehensive net (expenditure)/income for the year		(18,659)	529

All of the activities of the company are classed as continuing.

For a detailed breakdown of payroll and operating costs please refer to page 32

The notes on pages 17 to 30 form part of these financial statements

The English Institute of Sport Limited

Balance sheet

31 March 2017

		2017		2016	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible assets	8		2,002		1,797
Intangible assets	9		1,045		901
			3,047		2,698
Current assets					
Debtors	10	1,305		1,813	
Cash at bank		1,395		623	
		2,700		2,436	
Creditors: Amounts Falling due Within One Year	11	(2,739)		(2,463)	
Net current assets			(39)		(27)
Total assets less current liabilities			3,008		2,671
Deferred income	12		(3,066)		(2,726)
Provision for other liabilities	14		(69)		-
Net liabilities excluding pension liability			(127)		(55)
Defined benefit pension scheme liability	15		(32,153)		(13,566)
Net liabilities including pension liability			(32,280)		(13,621)
Reserves					
Retained earnings			(32,280)		(13,621)

These accounts have been audited under the Government Resource and Accounts Act 2000, and are therefore exempt from the requirements of section 475 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 26 June 2017 and are signed on their behalf by:

Nigel Walker
 Director
 Company number: 04420052

The notes on pages 17 to 30 form part of these financial statements

The English Institute of Sport Limited

Statement of changes in equity

31 March 2017

	Notes	2017 £000	2016 £000
Retained earnings brought forward		(13,621)	(14,150)
Total comprehensive net (expenditure)/income for the year		<u>(18,659)</u>	<u>529</u>
Retained earnings carried forward		<u><u>(32,280)</u></u>	<u><u>(13,621)</u></u>

The notes on pages 17 to 30 form part of these financial statements

The English Institute of Sport Limited

Statement of cash flows

31 March 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Deficit for the financial year	(1,721)	(2,125)
<i>Adjustments for:</i>		
Depreciation of tangible assets	747	792
Amortisation of intangible assets	311	274
Other interest receivable and similar income	(1)	(3)
Interest paid	505	474
Loss on disposal of fixed assets	16	172
Provision for service cost of defined pension scheme	2,580	3,001
Defined benefit pension scheme contributions paid	(1,465)	(1,383)
Administration expenses of defined pension scheme	33	35
Tax on profit on ordinary activities	-	(1)
Deferred income	340	94
Provisions	69	-
<i>Changes in:</i>		
Trade and other debtors	508	(615)
Trade and other creditors	294	331
Cash generated from operations	<u>2,216</u>	<u>1,046</u>
Interest payable	(4)	(4)
Tax received	-	1
Net cash used in operating activities	<u><u>2,212</u></u>	<u><u>1,043</u></u>
Cash flows from investing activities		
Purchase of tangible assets	(960)	(922)
Purchase of intangible assets	(463)	(422)
Interest received	1	3
Proceeds from sale of tangible assets	-	25
Net cash used in investing activities	<u><u>(1,422)</u></u>	<u><u>(1,316)</u></u>
Cash flows from financing activities		
Repayments of finance lease obligations	(18)	(20)
Net cash (used in)/from financing activities	<u><u>(18)</u></u>	<u><u>(20)</u></u>
Net increase/(decrease) in cash and cash equivalents	772	(293)
Cash and cash equivalents at beginning of year	<u>623</u>	<u>916</u>
Cash and cash equivalents at end of year	<u><u>1,395</u></u>	<u><u>623</u></u>

The notes on pages 17 to 30 form part of these financial statements

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

1 Accounting policies

General Information

The English Institute of Sport (EIS) provides sport science, medicine, technology and engineering services to elite athletes, primarily in World Class funded sports. The company is a wholly owned subsidiary of The United Kingdom Sports Council (UKS).

The company is a private company limited by guarantee and is incorporated in England. The address of its registered office is The Manchester Institute of Health and Performance, 299 Alan Turing Way, Manchester, M11 3BS.

Basis of Accounting

The financial statements of the English Institute of Sport Limited are prepared on a going concern basis as referred to in the Directors' report and in accordance with FRS102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Use of Estimates and Judgements

The preparation of financial statements requires management to make key judgements, assumptions and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The pension costs recognised within these financial statements are subject to key assumptions as set out in note 15.

UK Sport Grant Income

The UK Sport grant income shown in the income and expenditure account represents amounts receivable from UK Sport during the year less amounts credited to a deferred income account. Grant income received during the financial year but not used is deferred until the following year. Grant funding used to acquire fixed assets is credited to this account and then released over the life of the assets (see note 12).

Income from sale of services

The income from sale of services shown in the income and expenditure account represents amounts receivable from National Governing Bodies for services provided during the year.

Fixed Assets

Fixed assets are capitalised at cost where cost exceeds £500. When an item costs less than this but forms part of a group of assets whose total is greater than £500 then the items are capitalised.

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

1 Accounting Policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	- 5 years
Fixtures & Fittings	- 5 years
Computer Equipment	- 3 years

Intangible Assets

Intangible assets acquired by the company are measured at cost less accumulated amortisation.

Amortisation

Amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over the useful economic life of that asset as follows:

Software & Licences	- up to 5 years
---------------------	-----------------

Financial Instruments

Basic financial assets including trade and other debtors, and cash and bank balances are recognised at transaction price, as are the basic financial liabilities of trade and other creditors.

Finance Lease Agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating Lease Agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownerships remain with the lessor, are charged against income on a straight line basis over the period of the lease

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

1 Accounting Policies *(continued)*

Pension Costs and Other Post-Retirement Benefits

The London Pension Fund Authority pension scheme is a defined benefit scheme. The amount charged to the Statement of comprehensive income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variation from the cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of comprehensive income.

The defined benefit scheme is funded, with assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return of high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

Taxation

The company pays taxation on interest receivable and any non-lottery funded income.

2 Income

The income and deficit before tax are attributable to the one principal activity of the company.

An analysis of income is given below:

	2017	2016
	£000	£000
UK Sport grant	16,384	16,757
Sport England grant	1,032	644
Income from sale of services	7,006	6,965
Sponsorship income	15	10
Other income	99	336
Grant released to the income & expenditure account in respect of depreciation	512	(823)
Transfer of fixed asset additions to deferred income	(828)	713
Grant income released from prior year	12	6
Unused grant released carried forward	(7)	(12)
	<u>24,225</u>	<u>24,596</u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

3 Operating deficit

	2017	2016
	£000	£000
Operating deficit is stated after charging:		
Wages and salaries	12,467	11,832
Social security costs	1,308	970
Redundancy provision costs (Note 14)	69	-
Other pension costs	2,555	3,012
Total payroll costs	16,399	15,814
Travel and subsistence	1,445	1,330
Contracted service providers	694	716
Research and technical consultancy	1,286	2,232
Auditor's remuneration *	13	15
Depreciation of tangible fixed assets	747	792
Amortisation of intangible fixed assets	311	274
Loss on disposal of fixed assets	16	172
Operating lease costs	1,558	1,527
Other operating costs	2,973	3,377
Total operating costs	9,043	10,435

*No non-audit fees were paid to external auditors in 2016-17 (2015-16: Nil).

4 Employees and directors

Employees

The average number of staff employed by the company during the financial year amounted to:

	2017	2016
Management	4	5
Administration	24	25
Operations	323	312
	351	342

Directors

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were:

	2017	2016
	£000	£000
Emoluments receivable	202	218
Value of company pension contributions to defined benefit schemes	24	26
	226	244

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

4 Employees and directors *(continued)*

Two directors (2016: three) are accruing benefits under the company defined benefit pension scheme.

Of the total amount above, the emoluments attributable to the highest paid director are £139,046 (2016: £142,867) and the pension contributions attributable to the highest paid director are £16,686 (2016: £16,544).

The accrued pension of the highest paid director at year end is £15,021 (2016: £13,792) and the accrued lump sum of the highest paid director at year end is £Nil (2016: £Nil).

5 Interest income and similar income

	2017 £000	2016 £000
Bank interest receivable	<u>1</u>	<u>3</u>
	<u>1</u>	<u>3</u>

6 Interest payable

	2017 £000	2016 £000
Interest payable on finance leases	4	4
Net interest on defined pension liability	<u>501</u>	<u>470</u>
	<u>505</u>	<u>474</u>

7 Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2017 £000	2016 £000
Current tax:		
UK Corporation tax based on the results for the Year at 20% (2016: 20%)	<u>-</u>	<u>1</u>
Total current tax	<u>-</u>	<u>1</u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

8 Tangible Fixed Assets

	Leasehold Improvements £000	Fixtures & Fittings £000	Assets held under finance leases £000	Computer Equipment £000	Total £000
Cost					
At 1 April 2016	330	5,705	70	1,308	7,413
Additions	1	878	-	81	960
Disposals	(79)	(609)	-	(78)	(766)
At 31 March 2017	252	5,974	70	1,311	7,607
Depreciation					
At 1 April 2016	307	4,151	51	1,107	5,616
Charge for the year	6	583	19	139	747
On disposals	(79)	(603)	-	(76)	(758)
At 31 March 2017	234	4,131	70	1,170	5,605
Net book value					
At 31 March 2017	18	1,843	-	141	2,002
At 31 March 2016	23	1,554	19	201	1,797

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

9 Intangible Assets

	Software & Licences £000
Cost	
At 1 April 2016	1,463
Additions	463
Disposals	(110)
At 31 March 2017	<u>1,816</u>
Amortisation	
At 1 April 2016	562
Amortisation for the year	311
On disposals	(102)
At 31 March 2017	<u>771</u>
Net book value	
At 31 March 2017	<u><u>1,045</u></u>
At 31 March 2016	<u>901</u>

10 Debtors

	2017 £000	2016 £000
Trade debtors	684	767
Amounts owed by group undertakings	38	-
Other debtors	5	10
Prepayments and accrued income	578	1,036
	<u>1,305</u>	<u>1,813</u>

Included with amounts owed by group undertakings is a VAT debtor due from the parent company for the quarter ended 31 March 17 of £31,097 (2016: £nil).

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

11 Creditors: Amounts Falling due Within One Year

	2017	2016
	£000	£000
Trade creditors	1,400	1,007
Amounts owed to group undertakings	14	57
Other creditors including taxation and social security:		
Corporation tax	-	1
Other taxation and social security	516	771
Finance lease agreements	-	18
Other creditors	30	44
Accruals	779	565
	<u>2,739</u>	<u>2,463</u>

£Nil (2016: £181,408) of the Other taxation and social security balance relates to VAT liabilities due to the parent company. For the year ended 31 March 17 there is a VAT debtor due from the parent company (see note 10)

12 Deferred income

Funding used to acquire fixed assets is credited to the deferred income account and then released over the life of the asset. Income received in advance but not utilised is also credited to the deferred income account and is released the following year.

	2017	2016
	£000	£000
Balance brought forward	2,726	2,632
Income received in advance deferred to future periods	19	46
Release of income deferred from prior periods	(46)	(52)
Income deferred in relation to fixed assets acquired less disposals during the year	547	(952)
Amortisation of income in relation to fixed assets	(180)	1,052
	<u>3,066</u>	<u>2,726</u>

13 Finance Lease Agreements

Future commitments under finance lease agreements are as follows:

	2017	2016
	£000	£000
Amounts payable within 1 year	-	18
Amounts payable between 2 to 5 years	-	-
	<u>-</u>	<u>18</u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

14 Provision for other liabilities

The company had the following provisions during the year:

	Redundancy £000	Pension £000	Total £000
At 1 April 16	-	-	-
Additions dealt within statement of comprehensive income	45	24	69
At 31 March 17	45	24	69

Redundancy provision

A provision of £45k has been made for 16 individuals who remain at risk of redundancy following the combination of withdrawal of UK Sport investment from World Class Programmes for the Tokyo cycle and funded sports reviewing their service provision requirements with the EIS.

Pension provision

According to the terms of the EIS pension scheme, where an individual over the age of 55 is made redundant for efficiency reasons, they are entitled to the same pension entitlement they would have secured had they continued to work until the age of retirement. A provision was therefore required for a lump sum pension contribution for one individual.

15 Pension Commitments

The company participates in the London Pension Fund Authority Superannuation Scheme (LPFA). The company is one of a large number of employers whose staff participate in the scheme, but the data given in this note relates just to the company. The majority of the company's staff are members of the scheme.

The pension scheme is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions charged for members of the scheme amounted to £1,439,839 (2016: £1,394,273).

A Triennial Actuarial Valuation was carried out as at 31 March 2016 for funding purposes. As a result of this, employer contributions remained at 12%.

A valuation for FRS102 purposes was carried out as at 31 March 2017 by Barnett Waddingham, a qualified independent actuary. The assumptions used by the actuary for FRS102 valuation purposes were:

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

15 Pension Commitments *(continued)*

Financial assumptions:	2017	2016
	%	%
Rate of increase in salaries	4.2	4.3
Rate of increase in pensions in payment	2.7	2.5
Discount rate	2.8	3.9
Inflation assumption	3.6	3.4

As at 31 March 17 and 31 March 16 all standard actuarial assumptions have been used.

Average future life expectancies at age 65:	Males	Females
Current pensioners	22.3 years	24.8 years
Future pensioners	24.6 years	27.0 years

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus is:

	2017	2016
	£000	£000
Equities	19,912	11,714
Target Return Portfolio	7,101	5,364
Cash	3,109	3,188
Infrastructure	1,769	1,381
Commodities	-	113
Property	1,713	900
Liability Driven Investment (LDI)/Cashflow matching	<u>-</u>	<u>2,556</u>
Total market value of assets	33,604	25,216
Present value of scheme liabilities	(65,757)	(38,782)
Net pension liability	<u>(32,153)</u>	<u>(13,566)</u>

The amounts recognised in the Statement of comprehensive income are as follows:

	2017	2016
	£000	£000
Service cost	2,580	3,001
Net interest on the defined liability	501	470
Administration expenses	33	35
Total loss	<u>3,114</u>	<u>3,506</u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

15 Pension Commitments (continued)

Remeasurement of the net assets/(defined liability):

	31 March	31 March
	2017	2016
	£000	£000
Return on Fund assets in excess of interest	4,372	(1,034)
Other actuarial gains on assets	811	-
Change in financial assumptions	(20,600)	3,688
Change in demographic assumptions	(326)	-
Experience loss on defined benefit obligation	(1,195)	-
Remeasurement of the net (defined liability)/assets	<u>(16,938)</u>	<u>2,654</u>

Changes in the present value of the defined benefit obligation are as follows:

	31 March	31 March
	2017	2016
	£000	£000
Opening defined benefit obligation	<u>38,782</u>	<u>37,102</u>
Current Service cost	2,580	3,001
Interest cost	1,527	1,317
Contributions by scheme participants	936	878
Change in financial assumptions	20,600	(3,688)
Change in demographic assumptions	326	-
Experience loss on defined benefit obligation	1,195	-
Estimate benefits paid (net of transfers in)	(189)	172
Closing defined benefit obligation	<u>65,757</u>	<u>38,782</u>

Changes in the fair value of fund assets are as follows:

	31 March	31 March
	2017	2016
	£000	£000
Opening fair value of fund assets	<u>25,216</u>	<u>23,005</u>
Interest on assets	1,026	847
Return on assets less interest	4,372	(1,034)
Other actuarial gains	811	-
Administration expenses	(33)	(35)
Contributions by the Employer including unfunded	1,465	1,383
Contributions by Fund participants	936	878
Estimated benefits paid net of transfers in	(189)	172
Closing fair value of Employers assets	<u>33,604</u>	<u>25,216</u>

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

15 Pension Commitments *(continued)*

The major categories of plan assets as a percentage of total plan assets are as follows:

	31 March 2017	31 March 2016
	%	%
Equities	59	46
Target return funds	21	21
Cash	9	13
Infrastructure	5	5
Commodities	-	-
Property	5	4
LDI/Cashflow matching	-	10

The Actuaries estimate the employer's contributions for the year ending 31 March 2018 will be approximately £1,488,000.

16 Commitments under operating leases

At 31 March 2017 the future minimum lease rentals payable under non-cancellable operating leases as set out below:

	2017		2016	
	Land and Buildings	Other Items	Land and Buildings	Other Items
	£000	£000	£000	£000
Within 1 year	231	9	1,299	16
Within 2 to 5 years	302	6	326	9
After more than 5 years	-	-	-	-
	533	15	1,625	25

Included within operating lease costs are facility rental costs where the agreement is on an annual rolling basis. Such costs are not included within the commitments disclosed above.

17 Related Party Transactions

The English Institute of Sport Limited's ultimate controlling party is The United Kingdom Sports Council (UK Sport). Copies of the group financial statements can be obtained from them at 21 Bloomsbury Street, London, WC1B 3HF, or from their website (www.uk sport.gov.uk).

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

17 Related Party Transactions *(continued)*

The following table details the grant income received from UK Sport during 2017 and 2016:

Funding Stream	2017 (£)	2016 (£)
Core Grant	10,934,130	11,246,033
Research and Innovation Programme	1,900,000	2,800,000
Research and Innovation staff grant	420,000	420,000
Research & Innovation sport specific grant	-	19,632
Research & Innovation Paralympic Cycling grant	53,959	53,160
Performance Lifestyle grant	859,577	820,800
Project Para grant	59,997	120,000
Paralympic Data Analyst grant	42,930	24,565
Performance Project Consultant grant	74,074	8,030
Additional National Insurance costs grant	210,000	-
Sports Intelligence team grant	46,088	-
Senior Management Team Recruitment grant	48,745	-
Performance Pathways grant	763,983	703,638
Short Track Speed Skating World Class Programme grant	970,957	479,097
Total	16,384,440	16,694,955

The following table details The English Institute of Sport's related party transactions for the year which are on an arm's length basis:

Related Party	Nature of Transaction	Amounts (£)
John Steele (Chairman of The English Institute of Sport) – Observer on the UK Sport Board	Grant funding from UK Sport	16,384,440
	Services provided to EIS	15,264
Chelsea Warr (Director of The English Institute of Sport) – Director of UK Sport	Recharged expenditure from UKS	485,936
	Recharged expenditure to UKS	30,967
Simon Timson (Former Director of The English Institute of Sport) – Former Director of UK Sport	Recharged expenditure to UKS	30,967
	Services provided to UKS	15,000
John Craig Hunter (Director of The English Institute of Sport) – Audit Committee Member of UK Sport		
Rodney Carr (Director of The English Institute of Sport) – Director of UK Sport		
John Steele (Chairman of The English Institute of Sport) – Executive Director of Sport at Loughborough University	Services provided to EIS	268,270

The English Institute of Sport Limited

Notes to the Financial Statements

Year Ended 31 March 2017

17 Related Party Transactions *(continued)*

Related Party	Nature of Transaction	Amounts (£)
Rodney Carr (Director of The English Institute of Sport) – Former CEO, Performance Director and Coach at Royal Yachting Association (RYA)	Provision of services to RYA	362,134
John Craig Hunter (Director of The English Institute of Sport) – Director at British Swimming	Provision of services to British Swimming	473,094
Sir David Tanner (Director of The English Institute of Sport) – Performance Director of British Rowing	Provision of services to British Rowing	415,006
Sally Munday (Director of The English Institute of Sport) – Chief Executive of England Hockey	Provision of services to England Hockey	512,126
Jonathan Doust (Director of The English Institute of Sport) – Former Chair and current judge and reviewer for the British Association of Sport and Exercise Sciences	Services provided to EIS	1,319

18 Company Limited by Guarantee

The member has guaranteed the sum of £1 on winding up for payment of debts and liabilities.

19 Financial instruments

The financial instruments relate to trade and other debtors, cash and trade and other creditors. During the year 68% of funding (2016: 68%) was grant income from UK Sport and 29% (2016: 28%) of funding was secured through long standing service level agreements with NGB's. The English Institute of Sport is therefore exposed to little credit or liquidity risk

20 Post Balance Sheet Events

There were no adjusting post balance sheet events between 31 March 2017 and the date that the accounts were signed on behalf of the Board of Directors.

The English Institute of Sport Limited

Management Information

Year Ended 31 March 2017

The following pages do not form part of the statutory financial statements which are the subject of the Comptroller and Auditor General's report on pages 11 to 12

The English Institute of Sport Limited

Detailed payroll and operating costs

Year Ended 31 March 2017

	2017		2016	
	£000	£000	£000	£000
Payroll costs				
Wages and salaries	12,467		11,832	
Redundancy provision costs	69		-	
Staff national insurance contributions	1,308		970	
Staff pension contributions	2,555		3,012	
		16,399		15,814
Operating costs				
Utilities	1		-	
Insurance	153		145	
Repairs and maintenance	42		50	
Travel and motor expenses	1,445		1,330	
Telephone	248		310	
Information systems costs	693		572	
Meeting and workshops	247		212	
Athlete equipment and consumables	616		640	
Relocation expenses	30		23	
Stationery and postage	56		75	
Staff training	343		398	
Other staff costs	152		132	
Recruitment expenses	41		65	
Contracted service providers	694		716	
Athlete personal award	31		20	
General expenses	89		64	
Marketing	40		77	
Legal and professional fees	24		36	
Mental health referrals	73		66	
Technical consultancy fees	1,286		2,232	
Testing, development & Prototypes	2		403	
Pension administration costs	33		35	
Payroll administration costs	40		32	
Auditors remuneration & accountancy costs	23		31	
Depreciation of leasehold improvements	6		19	
Depreciation of fixtures and fittings	583		517	
Depreciation of assets held under finance leases	19		20	
Depreciation of computer equipment	139		236	
Amortisation of intangible assets	311		274	
Loss on disposal of fixed assets	16		172	
Operating lease: Property & P&E	1,558		1,527	
Bank charges	9		6	
		9,043		10,435
Total costs		25,442		26,249

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