

**Sheffield City Trust**

**Annual report and consolidated  
financial statements**

**Registered number 2164600**

**Charity Registration Number 700520**

**Year ended 31 March 2020**

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## Trustees' and directors' report (including strategic report)

The trustees, who act as directors for the purpose of company law, are pleased to present their report and financial statements for the year ended 31 March 2020.

### Purpose of the charity

The objects of the charity are as detailed in the charity's governing document, its Memorandum of Association.

- 1 An object of the charity is to promote the benefit of the inhabitants of South Yorkshire and surrounding counties by the provision of facilities for recreation and leisure time occupation in the interest of social welfare. The charity has continued in its policies of providing recreational and other leisure facilities of a high standard and as economically as possible. The charity seeks to encourage high levels of use by the community with policies that encourage wide public access. There has been no material change in these policies over the relevant period.
- 2 A further object of the charity is to promote and preserve good physical and mental health. The objective is pursued by encouraging high levels of use of recreational and leisure facilities by the community. In addition, the charity has a policy of carrying out ad hoc initiatives and giving financial support to appropriate projects which has been continued during the year.
- 3 Further objects of the charity include the encouragement of the arts and the acquisition, preservation, restoration and maintenance of buildings of historic and architectural interest in Sheffield.

### Activities

In furtherance of the charity's object to provide facilities for recreation and other leisure time occupations, following the transfer of the operations of a number of venues on 1 April 2019 from 7 Hills Leisure Trust, a sister charity which forms part of the group, Sheffield City Trust operated the following facilities directly in the year:

- Beauchief Golf Course
- Birley Golf Course
- Concord Sports Centre
- Heeley Swimming Pool and Gym
- Hillsborough Leisure Centre
- iceSheffield
- Ponds Forge International Sports Centre
- Springs Leisure Centre
- Tinsley Park Golf Course

The charity has continued to operate the following facilities through Sheffield International Venues Limited:

- English Institute of Sport – Sheffield (EISS)
- FlyDSA Arena (Sheffield Arena)
- Sheffield City Hall

7 Hills Leisure Trust, a sister charity, operates the following venues:

- Sinfin Golf Course
- Westfield Sports Centre

Sheffield International Venues Limited also acts as principal for all commercial activity within the above venues and has a trading subsidiary, SIV Enterprises Limited, which operates the following venues:

- Peasholm Park Café
- Scarborough Spa
- Tapton Park Golf Course
- Whitby Pavillion

Any profits made by either Sheffield International Venues Limited or SIV Enterprises Limited are, where the company has sufficient distributable reserves, passed back to the charity by way of a gift aided payment.

## **Trustees' and directors' report (including strategic report) (continued)**

### **Activities (continued)**

The operation of leisure facilities continues to be the primary way in which the two main objects of the charity are achieved. The trustees ensure that participation continues to grow and benchmark attendance against national standards. Prices are set at a level that encourages use by as many people as possible and many facilities are full at peak times.

The trustees are pleased that attendance levels continue to be very high in the venues demonstrating the benefits of the charity's policy of seeking to maximise the potential of all users, whether community users or elite athletes, by encouraging use side by side in the same venues. Both the goals of participation and maximising potential contribute to the object of promoting and preserving good physical and mental health.

In particular we have delivered the following during the course of the year:

- Over 17,700 fitness classes with around 220,000 attendances.
- Around 5,000 children weekly attend our Learn to Swim programmes.
- School swimming, a scheme run alongside Sheffield City Council that operates in all of our wet venues sees around 6,200 children, the majority in Years 3 and 4, per academic year learn to swim. This programme tackles a city-wide issue around the number of children that are unable to swim 25m by the time that they leave primary school. This represents a strong pathway to our swim lesson programme.
- School games events, by working in close partnership with the School Sport Partnerships ("SSP") and Sheffield Federation for School Sport, we host over 100 events per year that are across school activities through the School Games Programme. This sees schools from all areas of the city accessing our venues to participate in a range of varying sports with clear exit pathways to our coached programme.
- Through the academic year, the charity's central Programme and Development teamwork with six partner schools to enhance sporting and physical activity opportunities both in venues and within community settings. These relationships are co-ordinated through central partnerships linked to MoveMore, the city's physical activity strategy.
- English Institute of Sport - Sheffield hosts over 80 sports days which engages over 38,000 children from the city and surrounding region. These events allow for further relationship building as well as giving a dry sports taster offer. Partnership work through SSP's sees cluster events to engage the children and assists schools that don't have the funds to hire the hall, to ensure positive exposure is available to all.
- Numbers on the learn to skate programme have continued to be strong with over 1,000 weekly skaters on the programme throughout the whole twelve months, the first time since the venue opened in 2003.
- 1,300 adults getting back to health with our Exercise Referral Scheme which supports members of the community recovering from long-term chronic health conditions with a 12-week initial personal exercise programme overseen by trained professionals.
- We have around 6,000 visits from people with mental health conditions and disabilities through our 'Plus+One' initiative which enables carers to attend our facilities alongside the children or adults in their care free of charge ensuring they are fully supported, thus preventing exclusion and building self-confidence.
- 'I Can!' project: working with Alzheimer's Society and Sheffield Hallam University, the charity is delivering a sport and exercise pilot project for people with dementia.

In addition, the charity's facilities continue to be made available to other charitable organisations to assist them in raising funds and delivering their objects.

The charity continues to promote activities for the disabled. Regular weekly sessions are held for sledge hockey, disability table tennis, disability athletics, Autism Plus and Mencap. Disability Sport England has continued to hire the charity's facilities in order to promote its events. The charity also works in partnership with Sheffield Federation for Schools Sport to encourage participation in sport and physical activity.

## Trustees' and directors' report (including strategic report) *(continued)*

### Activities *(continued)*

The charity, and the wider group, partner with the National Centre for Sport and Exercise Medicine in Sheffield ('NCSEM') where clinical facilities are co-located with facilities for sport and exercise. NHS patients are treated at Concord Sports Centre in an environment which promotes physical activity as medicine. The centre also promotes physical activity as a prime preventer of ill health.

The charity does not set targets for grant giving as it is a comparatively small part of the work undertaken. As stated above, the provision and management of the facilities is the primary method of meeting the objects of the charity. The trustees monitor the level of funds in the designated fund (see note 4 of the financial statements) in order to ensure that they make best use of the limited income available and do make grants to community groups in Sheffield in order to support their work promoting sports and physical activity within their communities.

The charity continues to encourage the arts by the promotion of the Sheffield International Concert Season in Sheffield City Hall. The season continues to bring major orchestras from both the UK and abroad to the city. Musicians from the Halle orchestra, which views Sheffield as its second home, are involved in visits to schools in order to promote classical music. The trustees have set a low-price policy for concerts in order to give access to as many people as possible.

In measuring achievements against the above objectives, the charity uses financial measures, a review of which is given below. In addition to financial performance measures, the charity monitors the performance of its venues using non-financial key performance indicators that give information regarding attendance at each venue by activity, and split attendances by age and gender. These performance indicators are monitored against targets and previous years' results.

The number of attendances to the group's venues during the year totalled 5.0 million visits (2019: 5.1 million).

### Financial Review

The funding agreement for the venues between the charity and Sheffield City Council, Scarborough Borough Council and Derby City Council means the charity is entitled to receive income from these councils to fund its operating activities which in the year amounted to £7,423,000 (2019: £6,942,000).

When considering the financial performance of the charity the trustees examine the results of each facility that the charity operates. In 2019/20 financial performance and attendance levels from community usage were below expectation which, whilst disappointing, is understandable given the closure of venues due to Covid-19 towards the end of the financial year and also continuing difficult economic circumstances for the majority of users. The group has negative unrestricted general reserves at 31 March 2020 of £1,125,000 (2019: positive £701,000). The Trustees are confident that over future periods it will be possible to gradually move towards having positive unrestricted general reserves as was anticipated when the charity was established.

Total incoming resources amounted to £40,184,000 (2019: £36,926,000) and total resources expended amounted to £41,710,000 (2019: £41,710,000) resulting in net outgoing resources before tax of £1,526,000 (2019: £4,784,000).

The results of the charity's trading subsidiary, Sheffield International Venues Limited, its subsidiary SIV Enterprises Limited, of the subsidiary charity, 7 Hills Leisure Trust and also of Phoenix Sports Limited are set out in note 2 to the financial statements.

The principal activities of Sheffield International Venues Limited in the year under review were the management of the facilities to deliver commercial income. These activities are in support of the charity's activities such as providing public catering in the buildings and supporting elite athletes to use the spaces when not in use by the general public. Sheffield International Venues also manages unrelated commercial activity that raises the profile of the charity and its facilities and generates income which is used to support the core charitable activities.

The trustees continue to review the trading model, throughout the year using SIV as a "brand" for both community and commercial usage of the facilities and have found that whilst the SIV logo is well understood in Sheffield to represent the venues and all activities of the charity and the wider group, the trustees feel that it is important to promote and raise awareness of the charitable status of the organisation and gain recognition for what the trust does across Sheffield, particularly within the communities. As such, the trustees have rebranded the group as Sheffield City Trust from July 2020.

## **Trustees' and directors' report (including strategic report) (continued)**

### **Financial Review (continued)**

The principal activities of 7 Hills Leisure Trust during the period under review was the operation of one school/community leisure facility and one golf course following the transfer of the operations of all other venues to Sheffield City Trust on 1 April 2019.

Following the transfer of a number of venues to Sheffield City Trust on 1 April 2019, the activities of Sheffield City Trust in the year under review includes the operation of Leisure facilities and golf courses.

### **Business review**

The trustees consider the general trend in financial performance of the venues to be satisfactory considering the general economic climate and the slight reduction in numbers of attendances year on year. Financial performance has been significantly impacted as a result of Covid-19 and government restrictions that have been put in place. As a result of these restrictions all venues were closed on 17 March 2020. For further information on the impact of Covid-19 and the opening of venues refer to 'plans for the future'.

Sheffield City Council has confirmed its support for the charity and discussions with the council continue in a robust, constructive atmosphere. The council committed to a partnership which, for three venues (FlyDSA Arena, Ponds Forge International Sports Centre and Hillsborough Leisure Centre) ends in 2023/24 to support the charity and enable longer term financial planning. The support provided gives the certainty necessary for the trustees to develop a plan to continue to deliver services at its current levels. The trustees believe investment can be made in the facilities in a financially sustainable way in partnership with Sheffield City Council and are working with Sheffield City Council on the medium to long term strategy.

As disclosed in note 1, the financial viability of the charity is dependent on both continued support from the council (working capital and venue investment) and to achieving the trading assumptions in the 2 year business plan effective for financial years 2020/21 and 2021/22. We believe that the forecasts, including revenue growth and cost assumptions, included in the plan are achievable, subject to the required investment from Sheffield City Council and no further adverse impact from Covid-19 e.g. a second lockdown. The management team continues to meet on a monthly basis to review performance against the budget and, where there are shortfalls, looks at actions to address these, including the reduction of costs where necessary. Performance year to date is broadly on budget.

Sheffield City Council has provided a letter of support to Sheffield City Trust confirming various levels of support including legally binding support in the form of a 'shortfall funding agreement' and non-legally binding support in the form of working capital cash flow support and venue specific funding.

Based on all of the above the trustees believe that it remains appropriate to prepare the financial statements on a going concern basis.

### **Our pricing policy**

Prices are set to enable as many people as possible to use the facilities while ensuring that income generated is sufficient to cover the costs of the charity. As funds provided by Sheffield City Council have reduced year on year and costs rise, a higher level of income must be generated by use of the facilities from both core charitable activities and commercial activities, managed by another company within the group. It is essential that prices are affordable and in no way create a barrier to use of the facilities by any of the people of Sheffield and concessionary prices are used to ensure that the least wealthy are able to attend.

The trustees review pricing for all charitable activities on an annual basis in order to deliver the best possible facilities to all citizens of Sheffield at affordable prices.

### **Investment powers and policy**

The trustees balance the needs of the organisation to have funds available for the operations of the charity and the need to maximise investment returns. At present interest rates are low and little additional income is gained by the use of deposit accounts, but the bank accounts of the charity and its subsidiaries are managed to maximise the income earned.

No funds are invested in non-cash assets such as property or shares. All property owned by the charity is in order to deliver services directly to the beneficiaries. The trustees believe that the level of cash and bank assets owned is insufficient for the charity to consider investment in stock, shares or bonds, particularly in the current volatile climate for investments.

## **Trustees' and directors' report (including strategic report) (continued)**

### **Pension Scheme**

On 1 April 2019, the employees of Sheffield International Venues Limited, 7 Hills Leisure Trust and employees of SIV Enterprises Limited based at Tupton Golf Course, were transferred under the provision of TUPE to Sheffield City Trust.

The charitable group provided a defined benefit pension scheme available to all employees of the charity and Sheffield International Venues Limited until September 2009. This scheme is still accruing benefits for all employees whose employment commenced before 1 September 2009, but it is closed to new members. The defined benefit scheme is provided by the group's contribution to the South Yorkshire Pension Authority scheme ("SYPA"). Benefits continue to accrue for the employees of Sheffield International Venues Limited whose employment commenced before 1 September 2009, following their transfer, under the provisions of TUPE, to Sheffield City Trust on 1 April 2019.

Those employees of the group who transferred into 7 Hills Leisure Trust on 2 April 2012 or December 2014 and subsequently into Sheffield City Trust on 1 April 2019, who were already members of the SYPA scheme continue to be members. Those employees of the group who transferred into the 7 Hills Leisure Trust from Derby City Council under the provisions of TUPE remained members of the Derbyshire Pensions Authority scheme ("DPA") until their transfer to Sheffield City Trust on 1 April 2019 at which point they became members of the SYPA scheme. Individuals were given the option to transfer their benefits from the DPA scheme to the SYPA scheme or leave them in the DPA scheme. 7 Hills Leisure Trust ceased its membership of the DPA scheme on 1 April 2019.

The employees of SIV Enterprises Limited who transferred into the company from Scarborough Borough Council under the provisions of TUPE remained members of the North Yorkshire Pensions Authority ("NYPA") schemes. Those employees of SIV Enterprises Limited who transferred into the company from Chesterfield Borough Council remained members of the DPA scheme until their transfer to Sheffield City Trust on 1 April 2019 at which point they became members of the SYPA scheme. Individuals were given the option to transfer their benefits from the DPA scheme to the SYPA scheme or leave them in the DPA scheme. SIV Enterprises Limited ceased its membership of the DPA scheme on 1 April 2019.

All new employees since 1 September 2009 who didn't join under the provisions of TUPE have been eligible to join a defined contribution, group money purchase scheme. Since 1 January 2014 the group has provided pensions under the auto-enrolment provisions and all new employees are automatically enrolled into the group money purchase scheme unless they decide to opt out.

In common with many defined benefit pension schemes, the group's schemes are in deficit at a consolidated level. Under the provisions of FRS 102, the group is required to show this deficit within its reserves. As a result of this inclusion the unrestricted reserves of the group are in deficit by a considerable amount. Valuations for the purpose of FRS 102 can vary year to year due to the movement in equity and gilt markets. The deficit under FRS 102 was lower in March 2020 than March 2019. The trustees have received information from the scheme's actuaries regarding the deficit based on a tri-annual full actuarial valuation at 31 March 2019 and additional contributions are being made in order to eliminate the deficit over a reasonable period. This has been updated for the purposes of FRS 102 to 31 March 2020 by a qualified actuary.

The trustees acknowledge that the pension deficit is real and will have to be addressed over a reasonable timescale, but do not believe that it significantly impairs the ability of the group to continue in operation in the short term. Rather, they believe that the guidelines from the scheme's actuaries suggesting increasing additional contributions in future years are reasonable and manageable. They note that the calculations required by FRS 102 are different from those used by actuaries to set future funding rates and believe that the funds that will need to be put into the fund in the coming years in order to address the remaining deficit over a reasonable timescale are affordable and will not put a disproportionate additional cost on the total operating costs of the charity.

The pension deficit is shown separately within unrestricted funds for clarity and the reserves policy below relates to the remainder.

### **Reserves policy**

The reserves of the charity are split between restricted and unrestricted funds. It is the policy of the trustees to spend unrestricted reserves in pursuit of the charitable objectives in a way that maximises their value in meeting those objectives. At the end of the financial year, the charity had consolidated unrestricted funds of negative £13,614,000 (2019: negative £12,169,000) and restricted funds of £30,715,000 (2019: £30,183,000).

The restricted funds of the charity at 31 March 2020 are set out in note 5 of the financial statements.

## **Trustees' and directors' report (including strategic report) (continued)**

### **Reserves policy (continued)**

The level of unrestricted reserves at the end of the financial year of negative £13,614,000 includes a net pension deficit of £12,989,000 (2019: £13,355,000 deficit). The trustees believe it is appropriate to hold reserves in order to meet the future depreciation of capital assets (other than restricted assets) and to provide some "buffer" should future operations fall short of financial budgets. The trustees believe that an appropriate level of reserves would be sufficient to support operations for six months while the trustees realised the assets and transferred the activities of the charity to another organisation that could deliver the goals of the charity. Unrestricted reserves before the net pension deficit were negative £0.6m (2019: positive £1.2m) and the trustees are aware of the need to address this deficit in the short to medium term and have discussed this with their partners, Sheffield City Council and continue to work with them in terms of a long term funding strategy. In the short term, Covid-19 has impacted on the charities ability to address the reserves position, for further information refer to 'plans for future periods'.

The letter of support from Sheffield City Council confirming support for the group for 12 months from approval of these financial statements, together with the positive cash balances held by the charity, provide the trustees with the necessary comfort to continue trading and prepare these accounts on a going concern basis.

### **Plans for future periods**

The trustees considered the future of the charity and how it might achieve its reserves target and deliver its charitable objects in the long term. It was determined that the beneficiaries would be best served if all the charitable activities within the group were delivered by one rather than two charities and hence on 1 April 2019 the operations of the majority of venues were transferred to Sheffield City Trust from 7 Hills Leisure Trust. The trustees plan to transfer the remaining operations within the next financial year and in doing so, believe that the streamlined group structure will drive further efficiencies and ultimately improve the resources available to deliver the charitable objects of both charities. This is detailed in note 26.

As noted above, the trustees have considered the use of the 'SIV brand' and took the decision in July 2020 to rebrand as 'Sheffield City Trust' with the aim of promoting the charitable status of the group and promoting and gaining recognition of the work the trust does across Sheffield, particularly within communities.

As noted above, as a direct result of Covid-19, all venues were closed on 17 March 2020. Since the year end some of the venues have re-opened albeit at a reduced capacity, whilst other venues including FlyDSA Arena, Sheffield City Hall, Scarborough Spa, Whitby Pavilion and Ponds Forge International Sports Centre, remain closed at the date of signing these accounts and, with the exception of Ponds Forge International Sports Centre, will remain closed until government guidance in respect of mass participation events are relaxed or removed. Ponds Forge International Sports Centre is expected to re-open in October 2020. For further details refer to note 26.

As stated above, the trustees are working with Sheffield City Council on longer term funding certainty and have agreed with Sheffield City Council that the charity will continue to operate the facilities directly, and via its group companies, until at least 2023/24 and jointly look to invest in them as funding permits. This agreement gives a degree of certainty and enables longer term planning of programme development.

The discussions with the council have included the strategy of the charity to continue to encourage the directors of Sheffield International Venues to pursue such commercial activities as can be performed in and around Sheffield as will bring in additional income without reducing the ability of the charity to provide services to its beneficiaries.

Given the closure of venues as a result of Covid-19, the performance of the group in the first quarter of 20/21 was disappointing, however this performance was the result of government restrictions and external economic factors. As the venues begin to reopen it is the intention of the trustees to continue to invest in them as much as possible and to maximise attendances, particularly during these challenging economic times.

### **Impact of Brexit**

Due to the lack of available and reliable information the trustees have yet to identify any significant impact of Brexit in its future plans. The trustees are of the view that areas of volatility that could arise from Brexit and impact the charity include any change in interest rates (notably LIBOR), any deviations in pension scheme liability assumptions and any change in service users earnings and disposable income.



## Trustees' and directors' report (including strategic report) *(continued)*

### Reference and administrative details

Charity Registration Number: 700520  
Company Registration Number: 2164600

#### **Registered Office**

Riverside East  
2 Millsands  
Sheffield  
S3 8DT

#### **Secretary**

LM Gavin

#### **Advisers**

##### **Solicitors**

Hemingways Solicitors Limited  
11 Westbourne Road  
Sheffield  
S10 2QQ

##### **Auditor**

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

##### **Bankers**

Barclays Bank Plc  
10-12 Pinstone Street  
Sheffield  
S1 2HN

### Directors and directors' interests

The trustees, who also act as directors, who held office during the year and after the year end are as follows:

P Abel	(Appointed 1 August 2019)
H Best	
L Clarke	
J Cole	(Resigned 30 October 2019)
D Grey	
G Moore	(Appointed 1 August 2019)
J Parish	(Resigned 8 January 2020)
A Pettifer	(Appointed 1 August 2019)
R Plews	(Appointed 1 August 2019)
P Taylor	(Appointed 1 August 2019)
J Warner	

The charity has a joint Audit Committee with Sheffield City Trust. Mr J Warner, a trustee of Sheffield City Trust, is chairman of that Group Audit Committee. The Group Audit Committee members are Mr J Warner and Mr R H M Plews. Cllr N Gibson was also a member of the joint Audit Committee until his resignation on 23 September 2020. Cllr N Gibson was a Trustee of 7 Hills Leisure Trust and also a director of Sheffield International Venues Limited until 23 September 2020.

None of the trustees who held office at the end of the financial year had any disclosable interest in debentures of the charity or in any shares or debentures of any other group company.

According to the Register of Trustees' Interests, no rights to subscribe for debentures of the charity or in any shares or debentures of any other group company were granted to any of the trustees or their immediate families or exercised by them during the year.

### Employees

The group has a policy of offering job opportunities to persons with disabilities where possible.

The group has a formal consultation procedure in respect of employees' terms and conditions and health and safety issues.

The senior employee of the group is:

Chief Executive

Andrew Snelling

## **Trustees' and directors' report (including strategic report) *(continued)***

### **Insurance for trustees and officers**

Insurance for trustees and officers against liabilities in relation to the group, as permitted by the Companies Act 2006, is maintained under a policy held by Sheffield City Trust. The cost of this amounted to £5,000 (2019: £2,900).

### **Structure, governance and management**

Sheffield City Trust is a company limited by guarantee and a registered charity and is governed by its Memorandum & Articles of Association. The trustees are the members of the charity under company law.

The trustees recognise the importance of communication with beneficiaries and will issue regular newsletters and updates on specific projects and overall performance. These reports may also include some summary financial information from the financial statements of the charity.

### **Organisation of the charity**

At present the charity has 9 trustees and is considering ways of attracting additional suitable candidates to be trustees as it aims to be governed by a board of between 12 and 20 trustees. Trustees are attracted based on advertising and introductions and are selected based on key skills. An induction process is carried out and all new trustees are invited to meet with the chairman and senior executives in order to better understand the operations of the charity. Trustee training is made available on an ad hoc basis when a need is identified.

During the year, the charity had five wholly owned subsidiaries, Sheffield International Venues Limited, SIV Enterprises Limited, Phoenix Sports Limited, a company limited by guarantee, which has complementary objects, 7 Hills Leisure Trust, a registered charity, with independent trustees, but of which the charity is the sole member and 7 Hills Commercial Limited, which was non-trading during the year.

Sheffield International Venues Limited and its wholly owned subsidiary, SIV Enterprises Limited, operate all commercial activities in the venues in order to support the charitable activity.

The overall management and control of the charity's activities and finances are vested in the Chief Executive, Andrew Snelling. The board of the charity meets monthly and Mr Snelling attends all meetings, reporting on all key operational and financial matters. There is a Group Audit Committee which meets as required and not less than three times in each financial year. There is a Charitable Purposes Committee which focuses on the work of the charity outside the venues.

### **Trustee induction and training**

New trustees undergo an induction process in which they spend some time with the chairman and chief executive and then the other senior managers. They will also visit the various facilities of the charity in company with a senior manager and familiarise themselves with the operations of the charity and its subsidiaries.

Each trustee is invited to take a special interest in one facility in order to get an in depth understanding of that part of the charity's operations and to be able to act as a point of contact for senior management. As with any special skills that any trustees may have, this arrangement adds to the effectiveness of the trustee board but doesn't change the responsibility of all trustees for all aspects of the governance and activities of the charity.

### **Relationship with other charities and organisations**

The charity co-operates closely with Sheffield City Council in pursuit of its charitable objectives. The relationship is conducted in accordance with formal funding agreements. A councillor and an officer of the council are invited to attend as observers at each meeting of the board. The council has one nominee director on the boards of Sheffield International Venues Limited.

### **Pay policy for senior staff**

The trustees, who act as directors for the purpose of company law, consider that the board of trustees and the chief executive comprise the key management personnel of the charity in charge of directing and controlling and running and operating the charity on a day to day basis. All trustees give their time freely and no trustee received any remuneration in the year.

The pay of the chief executive is reviewed annually by the board of trustees. In view of the nature of the charity, the trustees benchmark against pay levels in other leisure trusts and other similar organisations. All such organisations are different, and the trustees are aware of the organisational complexities of the group and take this into consideration when comparing with larger charities. The trustees also look at similar job roles in the local, Sheffield, economy and other local charitable organisations to ensure that salaries are reasonable within the market.

## **Trustees' and directors' report (including strategic report) (continued)**

### **Management of risk**

The trustees are responsible for ensuring the effective management of risk including a system of internal financial control which is maintained by the charity. They consider risk management to be an important part of their role and endeavour to follow best practice.

During the year, the management teams at each venue have again discussed the risks identified with the members of the senior leadership team and have ensured that proper controls are in place within their venue. They have also considered each of the objectives set for the venue in the corporate strategy of the charity to ensure that the risks are linked into the operational objectives and that the process of risk mitigation is embedded in the action plans to deliver the objectives. This work of monitoring and mitigating risks within the venues continues to be a major work of the general managers at each venue. The senior leadership team regularly considers corporate risk in its meetings and updates the risk register accordingly. The Group Audit Committee reviews this process at each of its meetings as a standard agenda item providing additional checks and specific skill on top of the trustees' own monitoring process.

The trustees also believe the general economic climate to be a major risk to the charity. This will impact both in the ability of the charity to make the investments it wishes to in the venues and in the ability of customers to pay for the services offered by the charity. This risk has increased this year due to the impact of Covid-19, see further information in the Business review above.

Throughout the year it has discussed the general economic climate within the country and considered the impact on the charity. It was agreed that many of the people of Sheffield might find it difficult to identify disposable income to access the charity's venues and that the income of Sheffield International Venues Limited might also be affected which would result in a lower gift aid payment to the charity. The senior leadership team monitor the financial performance of the group very closely and consider pricing policy annually. The need to cover the overhead of the group with earned income makes it very difficult to get pricing right. It is essential to ensure that prices are not a barrier to all people in Sheffield being able to access the venues operated by the charity, but it's also important to ensure that sufficient income is generated to continue to maintain the facilities to an appropriate standard.

The trustees believe that a further major risk to the charity is the ability to earn adequate funds to operate and maintain the buildings in the long term. The trustees continue to review funding requirements with Sheffield City Council, even more so as a result of Covid-19. Sheffield City Council have committed to providing £4.0m of funding for the period to 31 March 2021, specifically to enable the charity to carry out essential maintenance required on the properties managed by the charity on behalf of Sheffield City Council and £12.6m revenue funding. The trustees of the charity entered into an agreement with Sheffield City Council to operate the facilities until 2024 in order to give greater certainty of future operations and investment.

Consideration has also been given to the risks of expanding the group and the number of venues managed.

The trustees consider that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems or procedures have been established to mitigate those risks. The trustees ensure internal financial control is maintained by having a system of regular management information reports, clear administrative and financial procedures and clear lines of accounting.

### **Public Benefit**

The trustees are aware of their duty to ensure that the charity provides a public benefit. Each year the prices charged for the charitable activities within each venue are reviewed by the trustees in order to ensure that they are reasonable and affordable to the vast majority of the citizens of Sheffield. The trustees are particularly proud of their Fitness Unlimited membership package which provides high quality fitness membership at very good value for money, the excellent coached activity programme which provides affordable access to swimming, gymnastics and trampolining lessons amongst others and of the low prices of the Sheffield International Concert Season. In increasingly difficult economic times it is becoming difficult to maintain access to so many citizens. The trustees believe that the high levels of customer service, for which the group has won awards, demonstrates an ethos of providing the highest possible standards to all.

The charity is the only member of 7 Hills Leisure Trust and ensures that 7 Hills Leisure Trust is operated for the public benefit.

## **Trustees' and directors' report (including strategic report) (continued)**

### **Stakeholder engagement and section 172 statement**

The group operates in an environment which involves engagement with a wide network of stakeholders. The trustees understand that its relationships with stakeholders evolve and change over time. To respond to this, the Board keeps itself informed of its key stakeholders' interests through a combination of both direct and indirect engagement.

The trustees have regard to the interests of their stakeholders when discharging their duties. The trustees have identified the key stakeholders as its customers, employees, suppliers and the communities in which it operates. This section describes how the Board engages with its key stakeholders and how it considers their interests when making decisions. Further, it demonstrates how the board takes into consideration the long-term impact of its decisions, its desire to maintain a reputation for high standards of business conduct, and its requirement to act fairly between members of the group.

#### *Customers*

The trustees recognise that the importance of creating long lasting relationships with our customers and partners is vital to the way we do business.

For example through the quality of the experience provided in venue and interaction with our general customer base whilst in our venues, through the GP exercise referral programme that we offer and work we do with our customers to benefit the local community, we develop and build lasting relationships which work to the benefit of all parties. Our reputation and success are built on the relationships we create, and we ensure that we continue to build on these for the future.

In addition, we will carry out formal and informal feedback with customers that use our venues, using the results of this feedback to further develop relationships and make changes to the business where it is considered appropriate to do so.

In making strategic business decisions, the trustees consider their impact on customers, for example when considering the pricing structure, and aim to make business decisions that are beneficial and in the interests of the customer base.

#### *Employees*

Our people are fundamental to the company's success. We recognise that their opinions count towards improving the workplace and the continued performance of the business.

The company has a formal consultation procedure in respect of employees' terms and conditions and health and safety issues. We engage with employees through employee surveys, by providing learning and development opportunities where required and through providing access to health and wellbeing initiatives.

The company has a policy of offering job opportunities to persons with disabilities where possible.

#### *Suppliers*

The group's supply chain plays an important part in the delivery of its strategy and its success is tied to the performance of suppliers.

We continue to build strong relationships with our key suppliers and our wider stakeholder population. We are committed to securing services and supplies from local suppliers to support the strategy of the group and the importance it places on the local economy.

The group ensures that it maintains high standards of business conduct throughout its supply chain.

#### *Communities and environment*

It is important to us to support and give back to the local communities in which we operate. We operate various activities within the community, for example cook meals for homeless, volunteering in local food banks, volunteering in local schools and operating a sports van to engage with children in more disadvantaged communities. We are also committed to supporting employees to dedicate time to community and charitable activities. We continue to monitor and are committed to reducing our carbon footprint.

## Trustees' and directors' report (including strategic report) *(continued)*

### Streamlined Energy and Carbon Reporting

*GHG emissions and energy use data for period 1-April-2019 to 31-March-2020*

	Current Reporting Year 2019-2020
	UK GHG Emission and Energy Data
Energy consumption used to calculate emissions (kWh), all mandatory energy sources are included.	47,407,108
Scope 1: Emissions from the combustion of Natural Gas tCO <sub>2</sub> e	2,877.2
Scope 1: Emissions from combustion of Fuel for transport and heating (Tinsley) tCO <sub>2</sub> e	81.6
Scope 3: Emissions from business travel in employee owned vehicles, where the company repaid mileage claims tCO <sub>2</sub> e (average vehicle / fuel source unknown)	3.8
Scope 2: Emissions from purchased Electricity tCO <sub>2</sub> e	4,674.1
Scope 2: Emissions from purchased Heat / Steam from District Heating tCO <sub>2</sub> e	1,286.3
Total gross CO <sub>2</sub> e based on above (tCO <sub>2</sub> e)	8,923.0
Intensity Ratio: kg CO <sub>2</sub> e gross based on mandatory fields above per metre square of Gross Internal Area: (kg CO <sub>2</sub> e m <sup>-2</sup> )	60.3 kg CO <sub>2</sub> e m <sup>-2</sup>

### Methodology

An evidence-based methodology was adopted in accordance with BS EN ISO 14064-3:2019, Section 4.3; verifiable data has been collected from the following sources:

Energy Data:	Energy Metering, Invoices, Supply Summaries / Statements, Repayment Claims for business mileage, Fuel Cards, and correspondence with suppliers.
Previous Audit Data:	ISO 50001, CRC, ESOS Phase II and Display Energy Certificates.
Emission Conversions:	All emission factors for CO <sub>2</sub> have been calculated using Defra Conversions 2019, the carbon content of the District Heating Schemes has been provided by the energy supplier(s).

### Energy Efficiency Action

During the reporting period; the charitable group has procured 100% REGO backed Renewable Electricity from its energy suppliers, five of the largest venues are heated by District Heating Schemes (two from Energy from Waste and three from Biomass District Heating), one venue has a Combined Heat and Power Unit installed operating from Natural Gas.

The charitable group has continued to invest in energy efficient lighting, Replacement Heat Exchangers, Direct Drive Ventilation Fans, Circulation Pump upgrades and Variable Speed Drives, in a bid to reduce energy consumption and emissions of CO<sub>2</sub>. Within the next financial year (2020-21), considerable investment is being made in replacing the Ice Rink Chiller at the FlyDSA Arena.

The replacement Chiller Plant was highlighted in the Phase II ESOS Report, it is anticipated the new equipment will reduce Electricity consumption by 420,572 kWh / 107.5 tCO<sub>2</sub>e per year (Defra Conversion 2019).

## **Trustees' and directors' report (including strategic report) (continued)**

### **Streamlined Energy and Carbon Reporting (continued)**

#### *Energy Efficiency Action (continued)*

Other initiatives being implemented from the ESOS Phase II Report are: Increased Staff Awareness, Monitoring AHU Energy via Carbon Desktop, and replacing / repairing the East and West AHU recirculation damper units, at Ponds Forge. This could yield potential reductions of a further 126,429 kWh / 295.3 tCO<sub>2</sub>e per year, giving an estimated combined reduction of 547 MWh / 405.5 tCO<sub>2</sub>e.

The charitable group have already upgraded all the Electricity and Gas metering to AMR type, however, due to change of supplier for Natural Gas the AMR data is no-longer available. During 2020, we intend to nominate a Meter Asset Manager to upgrade or replace the existing gas meters, ensuring we have continuous and reliable gas data. District Heating is very difficult to obtain Half Hourly Energy Data, as these are private meters belonging to the heat providers.

#### **Disclosure of information to auditor**

The trustees who held office at the date of approval of the trustees' report and this strategic report confirm that, so far as they are each aware, there is no relevant information of which the group's auditor is unaware; and each trustee has taken all steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

#### **Auditor**

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP therefore continued in office.

In accordance with Section 414 of the Companies Act 2006, the company has prepared a trustee's report that includes information that would be included with a strategic report. The trustees authorise both the trustees' report and strategic report below.

By order of the board

**D Grey**  
Chairman



Riverside East  
2 Millsands  
Sheffield  
S3 8DT  
28 September 2020

Company registration number 2164600  
Charity registration number 700520

## **Statement of trustees' responsibilities in respect of the strategic report, the trustees' report and the consolidated financial statements**

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and charitable company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of their profit or loss for that period. In preparing each of the group and charitable company financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

# Independent auditor's report to the members of Sheffield City Trust

## 1 Our opinion is unmodified

We have audited the financial statements of Sheffield City Trust ("the Trust") and its subsidiaries (together, "the group") for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, Company Statement of Financial Activities, Consolidated Balance Sheet, Company balance sheet, Consolidated Cash Flow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's & Trust's affairs as at 31 March 2020 and of the Group's and Trust's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Trustees for the year ended 31 March 1991. The period of total uninterrupted engagement is for the 30 financial years ended 31 March 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

## 2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged since 2019), in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Going concern	Disclosure quality	Our response
<p><i>Recurring risk – Group &amp; Trust</i></p> <p><i>Refer to page 24 (accounting policy) and page 55 (financial disclosures)</i></p>	<p>The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and Trust.</p> <p>That judgement is based on an evaluation of the inherent risks to the Group's and Trust's business model and how those risks might affect the Group's and Trust's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.</p>	<p>Our procedures included:</p> <p><b>Funding assessment:</b></p> <ul style="list-style-type: none"> <li>• Challenging the Group's assessment of the ongoing support that is projected to be provided by Sheffield City Council over the foreseeable future. This includes legally binding funding along with indications that further funding will be made available.</li> <li>• Inquiring of Sheffield City Council with regard to the content of the letter of support, and their intention and ability to fund the cash flow requirements of the Group in so far as required.</li> </ul>



## Independent auditor's report to the members of Sheffield City Trust (*continued*)

### 2 Key audit matters: our assessment of risks of material misstatement (*continued*)

Going concern	Disclosure quality	Our response
	<p>The risks most likely to adversely affect the Group's and Trust's available financial resources over this period were:</p> <ul style="list-style-type: none"> <li>• The ability of the Group and Trust to meet cash flow forecasts due to uncertainties such as revenue growth and control of the operating cost base including the potential impact of Covid-19 on the ability to operate venues; and</li> <li>• The intention of Sheffield City Council, the Group and Trust's main Funder, to provide ongoing additional cash flow funding as required to support the Group and trading subsidiaries as required.</li> </ul> <p>There are also less predictable but realistic second order impacts, such as the impact of Brexit on consumer demand, which could result in a rapid reduction of available financial resources.</p> <p>The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.</p>	<ul style="list-style-type: none"> <li>• Assessing the intentions of Sheffield City Council based on the legal agreements in place.</li> </ul> <p><b>Historical comparisons:</b></p> <ul style="list-style-type: none"> <li>• Assessing the reasonableness of the budgets and forecasts by considering the historical accuracy of previous forecasts.</li> </ul> <p><b>Sensitivity analysis:</b></p> <ul style="list-style-type: none"> <li>• Considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively including the ongoing potential impact of Covid-19.</li> </ul> <p><b>Benchmarking assumptions:</b></p> <ul style="list-style-type: none"> <li>• Comparing and challenging budgets and forecasts against known parameters such as funding streams and committed cost base.</li> </ul> <p><b>Assessing transparency:</b></p> <ul style="list-style-type: none"> <li>• Assessing the completeness and accuracy of the matters covered in the going concern disclosure by comparing the disclosure to our knowledge accumulated throughout the audit.</li> </ul> <p><b>Our results:</b> We found the going concern disclosure without any material uncertainty to be acceptable (2019 result: acceptable).</p>

### 3 Our application of materiality

Materiality for the Group financial statements as a whole was set at £335,000 (2019: £348,000), determined with reference to a benchmark of Group total incoming resources of £40,184,000 (2019: £36,926,000), of which it represents 0.8% (2019: 0.9%).

Materiality for the Trust's financial statements as a whole was set at £170,000 (2019: £71,000) determined with reference to a benchmark of total incoming resources of £17,249,000 (2019: £7,121,000), of which it represents 1% (2019: 1%).

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £16,500 (2019: £17,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 5 (2019: 5) reporting components, we subjected 5 (2019: 5) to full scope audits for group purposes. These audits covered 100% (2019: 100%) of total Group incoming resources, 100% (2019: 100%) of Group deficit, and 100% (2019: 100%) of Group total assets. Component materiality levels were set individually for all components having regard to the mix of size and risk profile of the Group across the components and ranged from £18,000 to £251,000 (2019: £71,000 to £261,000).

The work on all components, including the audit of the Trust, was performed by the Group audit team.

## **Independent auditor's report to the members of Sheffield City Trust (*continued*)**

### **4 We have nothing to report on going concern**

The Trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or the Group or to cease their operations, and as they have concluded that the Trust's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Trustees' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Trust will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in this respect.

### **5 We have nothing to report on the other information in the Annual Report**

The Trustees' are responsible for the other information presented in the Trustees' Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

#### ***Trustees' and directors report (including strategic report)***

Based solely on our work on the other information:

- we have not identified material misstatements in Trustees' and directors' report (including the strategic report);
- in our opinion the information given in the Trustees' and directors' report, which constitutes the Strategic Report and the Trustees' and Directors' report for the financial year, is consistent with the financial statements; and in our opinion those reports have been prepared in accordance with the Companies Act 2006

### **6 We have nothing to report on the other matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Trust or returns adequate for our audit have not been received from branches not visited by us; or
- the Trust's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## **Independent auditor's report to the members of Sheffield City Trust (*continued*)**

### **7 Respective responsibilities**

#### ***Trustees' responsibilities***

As explained more fully in their statement set out on page 13, the Trustees (who are also Directors of the Trust for the purposes of company law) are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Trust or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's responsibilities***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### ***Irregularities – ability to detect***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Trustees (as required by auditing standards), and discussed with the trustees the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation) and charity legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and inspection of regulatory and legal correspondence, if any.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

## **Independent auditor's report to the members of Sheffield City Trust (*continued*)**

### **8 The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Clare Partridge**  
**for and on behalf of KPMG LLP**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

30 September 2020

**Consolidated statement of financial activities** *(incorporating income & expenditure account)*  
*For the year ended 31 March 2020*

		Unrestricted funds	Restricted Funds – charitable activities	Total funds	Total funds
	Note	2020 £000	2020 £000	2020 £000	2019 £000
<b>Incoming resources</b>					
Income from charitable activities		30,887	-	30,887	29,800
Investment income		7	-	7	8
Income from donations and legacies - Grants receivable		793	1,669	2,462	750
Income from donations and legacies - Sheffield City Council		6,828	-	6,828	6,368
<b>Total incoming resources</b>		<b>38,515</b>	<b>1,669</b>	<b>40,184</b>	<b>36,926</b>
<b>Resources expended</b>					
Expenditure on raising funds		(21,976)	(543)	(22,519)	(22,710)
Expenditure on charitable activities		(18,597)	(594)	(19,191)	(19,000)
<b>Total resources expended</b>	3	<b>(40,573)</b>	<b>(1,137)</b>	<b>(41,710)</b>	<b>(41,710)</b>
<b>Net outgoing resources before tax</b>	6	<b>(2,058)</b>	<b>532</b>	<b>(1,526)</b>	<b>(4,784)</b>
Taxation	9	(352)	-	(352)	(53)
<b>Net outgoing resources before other recognised gains and losses</b>		<b>(2,410)</b>	<b>532</b>	<b>(1,878)</b>	<b>(4,837)</b>
Actuarial gain/(loss) recognised in the pension scheme	22	984	-	984	(2,077)
Related tax		(19)	-	(19)	13
<b>Net loss in the year</b>		<b>(1,445)</b>	<b>532</b>	<b>(913)</b>	<b>(6,901)</b>
Fund balances brought forward		(12,169)	30,183	18,014	24,915
<b>Fund balances carried forward</b>	4/5	<b>(13,614)</b>	<b>30,715</b>	<b>17,101</b>	<b>18,014</b>

The accompanying notes form part of the financial statements.

All incoming resources and resources expended derive from continuing activities which are in furtherance of the charity's objects.

**Company statement of financial activities (incorporating income & expenditure account)**  
*For the year ended 31 March 2020*

		Unrestricted funds	Restricted funds – charitable activities	Total funds	Total funds
	Note	2020 £000	2020 £000	2020 £000	2019 £000
<b>Incoming resources</b>					
Income from charitable activities		10,370	115	10,485	781
Investment income		7	-	7	8
Income from donations and legacies - Sheffield City Council		6,757	-	6,757	6,332
<b>Total incoming resources</b>		<b>17,134</b>	<b>115</b>	<b>17,249</b>	<b>7,121</b>
<b>Resources expended</b>					
Expenditure on charitable activities		(20,756)	(594)	(21,350)	(8,639)
Impairment of investment		(8,907)	-	(8,907)	(5,078)
<b>Total resources expended</b>	3	<b>(29,663)</b>	<b>(594)</b>	<b>(30,257)</b>	<b>(13,717)</b>
<b>Net outgoing resources before tax</b>	6	<b>(12,529)</b>	<b>(479)</b>	<b>(13,008)</b>	<b>(6,596)</b>
Tax		-	-	-	-
<b>Net outgoing resources before other recognised gains and losses</b>		<b>(12,529)</b>	<b>(479)</b>	<b>(13,008)</b>	<b>(6,596)</b>
Actuarial gain/(loss) recognised in the pension scheme	22	955	-	955	(503)
<b>Net loss in the year</b>		<b>(11,574)</b>	<b>(479)</b>	<b>(12,053)</b>	<b>(7,099)</b>
Fund balances brought forward		(5,686)	10,451	4,765	11,864
<b>Fund balances carried forward</b>	4/5	<b>(17,260)</b>	<b>9,972</b>	<b>(7,288)</b>	<b>4,765</b>

The accompanying notes form part of the financial statements.

All incoming resources and resources expended derive from continuing activities which are in furtherance of the charity's objects.

## Consolidated balance sheet

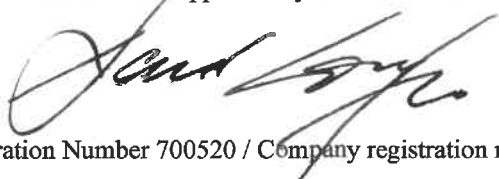
As at 31 March 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible Assets	11	2	3
Tangible fixed assets	12	154,401	155,337
Negative goodwill	10	(6,983)	(7,188)
		<b>147,420</b>	<b>148,152</b>
<b>Current assets</b>			
Stocks	14	150	285
Debtors (including debtors due after one year of £32,490,000 (2019: £32,490,000))	15	34,976	34,540
Cash at bank and in hand		4,393	13,748
		<b>39,519</b>	<b>48,573</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(29,057)</b>	<b>(36,707)</b>
<b>Net current assets</b>		<b>10,462</b>	<b>11,866</b>
<b>Total assets less current liabilities</b>		<b>157,882</b>	<b>160,018</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(127,387)</b>	<b>(128,615)</b>
<b>Provisions for liabilities</b>	18	<b>(405)</b>	<b>(34)</b>
<b>Net assets – excluding pension asset and liability</b>		<b>30,090</b>	<b>31,369</b>
<b>Pension liability</b>	22	<b>(13,089)</b>	<b>(13,405)</b>
<b>Pension asset</b>	22	<b>100</b>	<b>50</b>
<b>Net assets – including pension asset and liability</b>		<b>17,101</b>	<b>18,014</b>
<b>Fund balances</b>			
Unrestricted reserves			
Designated reserve	4	500	485
General reserve	4	(1,125)	701
Pension reserve	4	(12,989)	(13,355)
Net unrestricted funds		<b>(13,614)</b>	<b>(12,169)</b>
Restricted funds	5	<b>30,715</b>	<b>30,183</b>
<b>Total funds</b>		<b>17,101</b>	<b>18,014</b>

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 28 September 2020 and were signed on its behalf by:

D Grey  
Chairman



Charity Registration Number 700520 / Company registration number: 2164600

## Company balance sheet

*As at 31 March 2020*

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible fixed assets	12	126,140	125,463
Investments	13	-	-
		<b>126,140</b>	<b>125,463</b>
<b>Current assets</b>			
Stock	14	1	-
Debtors (including debtors due after one year of £32,490,000 (2019 - £32,490,000))	15	35,026	32,795
Cash at bank and in hand		1,516	9,318
		<b>36,543</b>	<b>42,113</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(29,495)</b>	<b>(32,290)</b>
<b>Net current assets</b>		<b>7,048</b>	<b>9,823</b>
<b>Total assets less current liabilities</b>		<b>133,188</b>	<b>135,286</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(127,387)</b>	<b>(128,587)</b>
<b>Net assets – excluding pension liability</b>		<b>5,801</b>	<b>6,699</b>
<b>Pension liability</b>	22	<b>(13,089)</b>	<b>(1,934)</b>
<b>Net (liabilities)/assets – including pension liability</b>		<b>(7,288)</b>	<b>4,765</b>
<b>Fund balances</b>			
Unrestricted reserves			
Designated reserve	4	500	485
General reserve	4	(4,671)	(4,237)
Pension reserve	4	(13,089)	(1,934)
		<b>(17,260)</b>	<b>(5,686)</b>
Net unrestricted funds		<b>(17,260)</b>	<b>(5,686)</b>
Restricted funds	5	9,972	10,451
<b>Total funds</b>		<b>(7,288)</b>	<b>4,765</b>

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 28 September 2020 and were signed on its behalf by:

**D Grey**  
Chairman

Charity Registration Number 700520 / Company registration number: 2164600



## Consolidated cash flow statement

For year ended 31 March 2020

	Note	2020 £000	2019 £000
<b>Cash flows from operating activities</b>			
Net outgoing resources before other recognised gains or losses		(1,878)	(4,837)
Adjustments for:			
Depreciation and amortisation	10/11/12	3,257	3,252
Interest receivable and similar income		(7)	(8)
Interest payable and similar charges		5,153	5,949
Pension charges in excess of cash contributions		299	1,157
Tax		352	53
(Profit)/loss on disposal		(1)	6
		<hr/>	<hr/>
		7,175	5,572
(Increase)/ decrease in trade and other debtors	15	(436)	827
Decrease/(increase) in stocks	14	135	(34)
(Decrease)/increase in trade and other creditors		(147)	3,425
		<hr/>	<hr/>
		6,727	9,790
Tax paid		(35)	(73)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		6,692	9,717
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Acquisition of tangible fixed assets	12	(2,525)	(1,004)
Acquisition of intangible assets	11	-	(4)
Interest received		7	8
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		(2,518)	(1,000)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from new loan		15,076	12,978
Interest paid		(7,463)	(3,038)
Repayment of borrowings		(20,552)	(6,949)
Payment of finance lease liabilities		(590)	(176)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		(13,529)	2,815
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(9,355)	11,532
Cash and cash equivalents brought forward		13,748	2,216
		<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>		4,393	13,748
		<hr/>	<hr/>

The accompanying notes form part of the financial statements.

## Notes to the financial statements

### 1 Accounting policies

Sheffield City Trust (the “charity”) is a company limited by guarantee, is a registered charity (registration number 700520) and is incorporated and domiciled in the UK.

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (*Charities SORP FRS 102*), the Charities Act 2011 and the Companies Act 2006. The presentation currency of these financial statements is sterling. The current years financial statements are for the year from 1 April 2019 to 31 March 2020 (*2019: 1 April 2018 to 31 March 2019*).

The parent company is included in the consolidated financial statements; and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company cash flow statement with related notes is included; and
- Key management personnel compensation has not been included a second time.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

#### **Going concern**

During the year ended 31 March 2020, Sheffield City Trust had net outgoing resources before tax of £1,526,000 and a decrease in cash of £9,355,000 (of which £9,220,000 relates to cash paid over to the bond holder which was received from Sheffield City Council in the previous financial year) to £4,393,000. Group net assets of £17,101,000 includes a negative pension reserve of £12,989,000 as at 31 March 2020.

Sheffield City Council provides support to Sheffield City Trust as follows;

Legally binding support;

‘Shortfall Funding Agreement’ Sheffield City Council will continue to provide additional funding support in respect of three legacy venues (Sheffield Arena, Hillsborough Leisure Centre and Ponds Forge International Sports Centre) in line with the ‘Shortfall Funding Agreement’ held between both parties, including a guarantee for the amounts due under the bonds. The ‘Shortfall Funding Agreement’ is a legally binding commitment to 31 March 2024.

The bond guarantee provided by Sheffield City Council to Sheffield City Trust is unaffected by the letter of support and remains legally enforceable under the ‘Shortfall Funding Agreement’.

Non-legally binding support;

‘Venue Specific Funding’ Additional (outside of the ‘Shortfall Funding Agreement’) venue specific funding from Sheffield City Council has been agreed for the year ended 31 March 2021 at £12.6m revenue and £4m capex related funding. Once the impact of Covid-19 reduces, the Group aims to improve operating performance in order to reduce the level of funding required from Sheffield City Council. There is an annual process for agreeing venue specific funding and, via discussion with Sheffield City Council, the trustees expect this support to be agreed annually by Sheffield City Council until 2024, however this is not guaranteed.

‘Working Capital Support’ The trustees have also prepared cashflow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the charity may need cashflow funding in addition to the venue specific funding from Sheffield City Council in order to meet its liabilities as they fall due for that period.

Sheffield City Council has indicated its intention to continue to make available such funds as are needed by the charity for the period of at least 12 months from the date of signing of the financial statements. As with any charity placing reliance on a partner for financial support, the Trustees acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Management have prepared a 2 year plan to cover the performance of all income streams and venues.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### **Going concern *(Continued)***

The management team are committed to achieving the plan and have robust action plans in place to enable them to do this. The management team continues to meet on a monthly basis to review performance against the budget and, where there are shortfalls, looks at actions to address these, including the reduction of costs where necessary. Performance year to date is broadly in line with the plan.

Furthermore, the plan includes trading assumptions which are reliant on further capital investment in venues, which is only achievable with assistance from Sheffield City Council. The additional capital investment is required to support the plan, but because of the legal arrangements regarding the bond and related assets it is not necessary for the group to continue as a going concern.

Based on all of the factors above, the financial viability of the group is dependent on continued support from Sheffield City Council (working capital and venue specific funding), this includes the ongoing guarantee from Sheffield City Council in relation to pension liabilities. The operating environment presents a number of challenges which could contribute to the group failing to achieve its operational cash flow forecasts. These risks and uncertainties include but are not limited to, the continued impact of Covid-19 on venue availability, achieving forecast levels of Fitness Unlimited members, achieving forecast footfall in venues and achieving continuing control over the level of underlying cost base. As such, the reliance on the intended assistance from Sheffield City Council is even more important.

The trustees have considered all of these factors, the letter of support received from Sheffield City Council and have had discussions with representatives from Sheffield City Council. Sheffield City Council is guarantor of the bond and so it is likely to be in Sheffield City Council's interest to continue to provide working capital funding as necessary in order to enable Sheffield City Trust to continue in possession of the venues until 2024.

The trustees are also comfortable that the provisions of the funding agreement provide for significant liabilities beyond 2024 and that the group remains sustainable beyond this date.

Therefore, whilst the trustees acknowledge that there can be no certainty that this support will continue at the date of approval of these financial statements, they have every expectation that it will continue to do so.

Consequently, as a result of the legal arrangements with Sheffield City Council and the indications for support from Sheffield City Council through the letter of support provided, the trustees are confident that the group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### ***Operating Segments***

The Trustees believe that the Group comprises a single reporting segment, that being the provision of facilities to enable the public to participate in recreational activities, which promotes the health and well being of the people of Sheffield and surrounding areas.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the charity and its subsidiary undertakings made up to 31 March 2020. The consolidated statement of financial activities consolidates the results of the charitable activities of the group on a line by line basis.

#### ***Investments***

In the charity's financial statements, investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

#### ***Fixed assets and depreciation***

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment	- 5% to 25% per annum
Leasehold buildings (other than venues)	- life of lease

No depreciation is provided on freehold or leasehold land.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Fixed assets and depreciation (continued)*

Tangible fixed assets relating to the original capitalisation of the leased venues – Ponds Forge International Sports Centre, Sheffield Arena and Hillsborough Leisure Centre – are depreciated over their remaining useful economic life (until 2024) on a straight line basis to their residual value. The residual value of the tangible fixed assets reflects the value at which the assets will be realised upon the settling of the bond liabilities of the charity.

#### *Capital grants receivable and restricted funds*

In accordance with the requirements of the Financial Reporting Standard 102 “The financial reporting standard applicable in the United Kingdom and Ireland” (Charities SORP FRS 102) capital grants are recognised as restricted funds in the accounting period in which they are received. Depreciation charged over the life of the assets funded by the capital grants is included within restricted funds. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### *Revenue grants and unrestricted funds*

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. Revenue grants are recognised in the period in which the relevant expenditure is incurred and in line with any conditions specific to the grant. Where performance criteria are met, the grant is released.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *Pension costs*

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The group contributes to pension schemes operated by South Yorkshire Pension Authority and North Yorkshire Pension Authority providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The group also provided a defined benefit pension scheme until 1 April 2019 through the charity’s contribution to the Derbyshire Pension Authority (“DPA”) scheme, however following the transfer of employees from 7 Hills Leisure Trust and employees at Tapton Park Golf Course in SIV Enterprises to Sheffield City Trust under the provision of TUPE, the group ceased contributing to the DPA scheme on this date and relevant employees became new members of the South Yorkshire Pension Authority Scheme.

The pension schemes’ deficits are recognised in full. The movement in the schemes deficits is split between operating charges, finance items and actuarial gains and losses. Further details regarding the schemes are disclosed in note 22.

#### *Goodwill*

Goodwill arising on acquisition is released over the period of use of the non-monetary assets to which it relates. Negative goodwill arising on acquisition is released to the statement of financial activities in the periods in which the fair values of non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Tax*

Sheffield City Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2012 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from tax in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2013 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The charge for tax for the trading subsidiaries is based on the profit for the period and takes into account tax deferred because of timing differences between the treatment of certain items for tax and accounting purposes.

Provision is made for deferred tax in so far as a liability or asset arose as a result of transactions that had occurred by the balance sheet date and gave rise to an obligation to pay more tax in the future or a right to pay less tax in the future. An asset has not been recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

#### *Incoming resources from charitable activities*

Incoming resources from charitable activities represents the amounts (excluding value added tax) derived from the rental of sites in Sheffield developed as recreational facilities together with other income derived from those sites, including payment by the community for use of the recreational facilities. All income from these activities arises from activities in the United Kingdom.

#### *Interest receivable and payable*

Interest receivable or payable is recognised in the statement of financial activities on an accruals basis.

#### *Resources expended and allocation of charitable expenditure*

Resources expended are accounted for on an accruals basis and are classified by the trustees as expenditure on raising funds or expenditure on charitable activity, depending on the nature of the expenditure incurred. Where resources expended are apportioned this is done on the basis of the use of the resources.

#### *Financial instruments*

The company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

#### *Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts, discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party without imposing additional restrictions.

#### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

## Notes to the financial statements (continued)

### 2 Results of subsidiary organisations

During the year the charity had five wholly owned subsidiaries which are incorporated in the UK. Sheffield International Venues Limited manages sporting and recreational facilities as agent for Sheffield City Trust in respect of the community income and expenditure, and as principal in respect of ancillary commercial income and expenditure for both Sheffield City Trust and 7 Hills Leisure Trust. 7 Hills Leisure Trust manages two community focussed venues following the transfer of the operations of all other venues to Sheffield City Trust on 1 April 2019. 7 Hills Commercial Limited is a non-trading entity.

Phoenix Sports Limited provides full ownership and operation of the EISS. The charity indirectly owns SIV Enterprises Limited through Sheffield International Venues Limited which operates sports and entertainment venues in Derbyshire and North Yorkshire.

A summary of the trading activities of Sheffield International Venues Limited, 7 Hills Leisure Trust, Phoenix Sports Limited and SIV Enterprises Limited are shown below.

#### Sheffield International Venues Limited

	2020 £000	2019 £000
Turnover	16,897	15,889
Other operating income	83	50
Raw materials and consumables	(2,374)	(2,143)
Staff costs	(5,908)	(6,247)
Depreciation	(744)	(742)
Other operating charges	(8,181)	(7,670)
<b>Operating loss</b>	<b>(227)</b>	<b>(863)</b>
Net interest payable	(61)	(290)
<b>Loss on ordinary activities before taxation</b>	<b>(288)</b>	<b>(1,153)</b>
Tax on loss on ordinary activities	(354)	(25)
<b>Loss retained in the subsidiary</b>	<b>(642)</b>	<b>(1,178)</b>

The directors reviewed the funding arrangements for Sheffield International Venues Limited and its budgets for the coming years and believe that it will gradually start to make a positive contribution to the financial affairs of the charity, despite the current impact of Covid-19 in the short term.

	2020 £000	2019 £000
The assets and liabilities of the subsidiary were:		
Tangible fixed assets	2,934	3,119
Current assets	11,715	12,132
Creditors: amounts falling due within one year	(9,964)	(10,252)
Creditors: amount falling due after one year	-	(26)
Provisions for liabilities	(354)	-
Pension liability	-	(8,907)
<b>Net assets/(liabilities)</b>	<b>4,331</b>	<b>(3,934)</b>

#### Statement of other comprehensive income

	2020 £000	2019 £000
Loss for the financial period	(642)	(1,178)
Actuarial loss recognised in the pension scheme	-	(1,044)
Capital contribution	8,907	-
<b>Total comprehensive income/(expense) for the financial year</b>	<b>8,265</b>	<b>(2,222)</b>

## Notes to the financial statements (continued)

### 2 Results of subsidiary organisations (continued)

#### 7 Hills Leisure Trust

	Unrestricted funds - General 2020 £000	Unrestricted Funds - Pension 2020 £000	Total funds 2020 £000	Total funds 2019 £000
<b>Incoming resources</b>				
Income from charitable activities	569	-	569	9,920
Income from donations and legacies - grants receivable	37	2,354	2,391	81
Income from donations and legacies - Sheffield City Council	-	-	-	4
<b>Total incoming resources</b>	<b>606</b>	<b>2,354</b>	<b>2,960</b>	<b>10,005</b>
<b>Resources expended</b>				
Expenditure on charitable activities	(746)	61	(685)	(10,852)
<b>Total resources expended</b>	<b>(746)</b>	<b>61</b>	<b>(685)</b>	<b>(10,852)</b>
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>	<b>(140)</b>	<b>2,415</b>	<b>2,275</b>	<b>(847)</b>
Actuarial loss recognised in the pension scheme	-	-	-	(570)
<b>Net movements in the year</b>	<b>(140)</b>	<b>2,415</b>	<b>2,275</b>	<b>(1,417)</b>
Fund balances at 1 April 2019	629	(2,415)	(1,786)	(369)
<b>Fund balances carried forward</b>	<b>489</b>	<b>-</b>	<b>489</b>	<b>(1,786)</b>

The directors reviewed the funding arrangements for 7 Hills Leisure Trust and its budgets and believe that it will better deliver against its charitable objects by transferring its operations into its parent charity, Sheffield City Trust and as such, on 1 April 2019, the operations, together with the assets and liabilities, of all venues with the exception of Westfield Sports Centre and Sinfin Golf Course were transferred to Sheffield City Trust at book value. As part of a streamlined group structure it will drive further efficiencies and ultimately improve the resources available to deliver the charitable objects of both charities and the directors plan to transfer the remaining venues in the next financial year. Refer to note 26 for details.

	2020 £000	2019 £000
The assets and liabilities of the subsidiary were:		
Tangible and intangible fixed assets	5	1,695
Current assets	1,903	2,696
Creditors: amounts falling due within one year	(1,419)	(3,762)
Creditors: amounts falling due after one year	-	-
Pension liability	-	(2,415)
<b>Net assets/(liabilities)</b>	<b>489</b>	<b>(1,786)</b>

## Notes to the financial statements *(continued)*

### 2 Results of subsidiary organisations *(continued)*

#### Phoenix Sports Limited

	2020 £000	2019 £000
<b>Income</b>		
Lottery grant released	433	433
Yorkshire Forward grant released	14	14
Lifecycle fund	53	375
Grant income	44	37
Rental income	(460)	235
Other income	92	111
<b>Total income</b>	<b>176</b>	<b>1,205</b>
<b>Expenditure</b>		
Management contract	460	(235)
Building Maintenance	-	(328)
Depreciation	(631)	(617)
<b>Operating profit</b>	<b>5</b>	<b>25</b>
<b>Profit on ordinary activities before tax</b>	<b>5</b>	<b>25</b>
Tax on profit on ordinary activities	-	(35)
<b>Profit/(loss) retained in the subsidiary</b>	<b>5</b>	<b>(10)</b>

The directors reviewed the funding arrangements for Phoenix Sports Limited and its budgets for the coming years and believe that it will gradually start to make a positive contribution to the financial affairs of the charity.

	2020 £000	2019 £000
The assets and liabilities of the subsidiary were:		
Tangible fixed assets	18,057	17,536
Current assets	3,075	2,387
Creditors: amounts falling due within one year	(641)	(43)
Deferred income	(20,635)	(20,029)
<b>Net liabilities</b>	<b>(144)</b>	<b>(149)</b>



## Notes to the financial statements *(continued)*

### 2 Results of subsidiary organisations *(continued)*

#### SIV Enterprises Limited

	2020 £000	2019 £000
Turnover	3,093	3,148
Other operating income	590	564
Raw materials and consumables	(775)	(721)
Staff costs	(1,741)	(1,900)
Depreciation	(56)	(76)
Other operating charges	(1,433)	(1,378)
<b>Operating loss</b>	<b>(322)</b>	<b>(363)</b>
Other finance income/(costs)	2	(1)
<b>Loss on ordinary activities before taxation</b>	<b>(320)</b>	<b>(364)</b>
Tax on loss on ordinary activities	2	7
<b>Loss retained in the subsidiary</b>	<b>(318)</b>	<b>(357)</b>

The directors reviewed the funding arrangements for SIV Enterprises Limited and its budgets for the coming years and believe that it will gradually start to make a positive contribution to the financial affairs of the charity, despite the current impact of Covid-19 in the short term.

	2020 £000	2019 £000
The assets and liabilities of the subsidiary were:		
Tangible fixed assets	285	340
Current assets	1,345	934
Creditors: amounts falling due within one year	(3,246)	(2,400)
Provision for liabilities	(51)	(34)
Pension liability	-	(149)
Pension asset	100	50
<b>Net liabilities</b>	<b>(1,567)</b>	<b>(1,259)</b>

#### Statement of other comprehensive income

	2020 £000	2019 £000
Loss for the financial period	(318)	(357)
Actuarial gain recognised in the pension scheme	29	40
Tax on actuarial gain	(19)	13
<b>Total comprehensive expense for the financial period</b>	<b>(308)</b>	<b>(304)</b>

## Notes to the financial statements (continued)

### 3 Resources expended

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
<b>Unrestricted funds</b>				
<i>Expenditure on raising funds</i>				
Ground rent	123	94	-	-
Other finance (income)/ costs – including pension	(2)	209	-	-
Overheads including staff costs, depreciation and finance lease interest	21,855	21,581	-	-
	<u>21,976</u>	<u>21,884</u>	<u>-</u>	<u>-</u>
<i>Expenditure on charitable activities</i>				
Ground rent	105	99	105	58
Interest on loans	58	58	58	57
Interest payable on bonds	4,676	5,498	4,676	5,498
Other finance costs – including pension	337	65	337	28
Overheads including staff costs, depreciation and finance lease interest	13,421	12,721	13,226	2,439
Grants	-	5	-	5
Impairment of investment	-	-	8,907	5,078
Donations to subsidiary in respect of pension deficit	-	-	2,354	-
	<u>18,597</u>	<u>18,446</u>	<u>29,663</u>	<u>13,163</u>
<b>Total unrestricted resources expended</b>	<u>40,573</u>	<u>40,330</u>	<u>29,663</u>	<u>13,163</u>
<b>Restricted funds</b>				
<i>Expenditure on raising funds</i>				
Overheads	32	-	-	-
Depreciation	511	826	-	-
	<u>543</u>	<u>826</u>	<u>-</u>	<u>-</u>
<i>Expenditure on charitable activities</i>				
Overheads	40	-	40	-
Depreciation	554	554	554	554
	<u>594</u>	<u>554</u>	<u>594</u>	<u>554</u>
<b>Total restricted resources expended</b>	<u>1,137</u>	<u>1,380</u>	<u>594</u>	<u>554</u>

## Notes to the financial statements (continued)

### 4 Unrestricted funds

The breakdown of the unrestricted funds between designated and general funds is as follows:

	At beginning of year £000	Income £000	Utilised £000	Movement in pension deficit £000	At end of year £000
<b>Group</b>					
<i>Designated funds</i>					
Direct support of other charitable activities in Sheffield	474	88	(70)	-	492
Health fund	11	-	(3)	-	8
<i>General funds</i>					
Retained surplus/(deficit)	701	38,427	(40,253)	-	(1,125)
<i>Pension reserve</i>	(13,355)	-	(618)	984	(12,989)
	<u>(12,169)</u>	<u>38,515</u>	<u>(40,944)</u>	<u>984</u>	<u>(13,614)</u>
<b>Company</b>					
<i>Designated funds</i>					
Direct support of other charitable activities in Sheffield	474	88	(70)	-	492
Health fund	11	-	(3)	-	8
<i>General funds</i>					
Retained surplus/(deficit)	(4,237)	17,046	(17,480)	-	(4,671)
<i>Pension reserve</i>	(1,934)	-	(12,110)	955	(13,089)
	<u>(5,686)</u>	<u>17,134</u>	<u>(29,663)</u>	<u>955</u>	<u>(17,260)</u>

The fund to support the other charitable activities of the charity provides grants to other groups where those groups are considered the most appropriate way of furthering the charity's objects within the specific target communities.

The health fund has been established to fund children's education and nutrition programmes.

### 5 Restricted funds

	At beginning of year £000	Incoming Resources £000	Utilised £000	At end of year £000
<b>Group</b>				
iceSheffield capital grant	6,317	-	(185)	6,132
Sheffield City Hall renovation grant	3,656	-	(289)	3,367
EISS grant	19,704	-	(500)	19,204
NCSEM at Concord Sports Centre	478	-	(80)	398
Essential maintenance grant	-	441	(72)	369
EISS Sport hall grant	-	1,228	(7)	1,221
Other grants	28	-	(4)	24
	<u>30,183</u>	<u>1,669</u>	<u>(1,137)</u>	<u>30,715</u>
<b>Company</b>				
iceSheffield capital grant	6,317	-	(185)	6,132
Sheffield City Hall renovation grant	3,656	-	(289)	3,367
NCSEM at Concord Sports Centre	478	-	(80)	398
Essential maintenance grant	-	67	(40)	27
EISS Sports hall grant	-	48	-	48
	<u>10,451</u>	<u>115</u>	<u>(594)</u>	<u>9,972</u>

## Notes to the financial statements (continued)

### 5 Restricted funds (continued)

The restricted funds of £6,132,000 in respect of iceSheffield represent funding received from Sport England to aid the charity in building the national ice centre in the Lower Don Valley. This project was completed in 2003 and the fund is being amortised as the asset is depreciated.

The restricted funds of £3,367,000 in respect of the Sheffield City Hall renovation project represent funding received from the European Single Regeneration Budget to fund the cost of professional fees during the design phase of the project, and from European Objective 1 funding to fund the building phase. The project was completed in 2005 and the fund is being amortised as the asset is depreciated.

The restricted funds of £19,204,000 in respect of EISS represents funds received from Sport England and Yorkshire Forward to aid Phoenix Sports Limited in building the EISS and a further amount received from Sport England to provide a lifecycle fund to meet the maintenance cost of the up-keep of EISS. The project to build the EISS was completed in 2003 and the funds received for that purpose are being amortised as the asset is depreciated.

The restricted funds of £398,000 relate to Olympic Legacy funding received from Public Health England on behalf of the Department of Health (DOH). The charity is part of a consortium of organisations in Sheffield that is promoting and researching the positive benefit on physical activity on health. These funds have been used to generate a positive benefit for the NHS by renovating and equipping Concord Sports Centre for use by the public for medical facilities within a building also used for physical activity. The project was completed in 2015 and the funds received for that purpose are being amortised as the asset is depreciated.

The restricted fund of £369,000 in respect of essential maintenance represents funds received from Sheffield City Council to aid essential maintenance work on the various properties, which are owed by Sheffield City council and operated by the charity. The funds are being amortised either as the assets are depreciated or the cost of repairs incurred.

The restricted funds of £1,221,000 in respect of the EISS Sports Hall represents funds received from Sheffield City Council to build a sports hall at the English Institute of Sport – Sheffield for the use of a local school. Funds are being amortised as the assets are depreciated.

The useful economic life of all assets mentioned within restricted funds is in line with the duration of the respective leases pertaining to the buildings for which that work was funded.

By their nature restricted funds can only be used for the purpose they were intended and not to fund general or unrestricted activity.

### 6 Net outgoing resources before taxation are stated after charging

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Auditors remuneration - Audit of these financial statements	100	58	40	23
Depreciation of owned assets	3,017	3,016	1,412	1,131
Depreciation of assets held under finance leases	444	440	413	360
Hire of assets under operating leases - other assets	225	204	142	142
Amortisation of negative goodwill	(205)	(205)	-	-
Impairment of trade receivables	31	35	1	-
Inventory recognised as an expense	2,678	2,470	1	-
	<u>2,678</u>	<u>2,470</u>	<u>1</u>	<u>-</u>

### 7 Remuneration of trustees

No emoluments were paid to any of the trustees during the year (2019: £nil).

A total of £41 (2019: £nil) was reimbursed to one trustee for travel and subsistence expenses incurred on the charity's behalf.

## Notes to the financial statements *(continued)*

### 8 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year analysed by category, was as follows:

	Group		Company	
	2020 Number	2019 Number	2020 Number	2019 Number
Leisure	485	486	473	6
Maintenance	270	261	231	23
Administration	176	196	166	116
Catering	329	279	260	5
	<u>1,260</u>	<u>1,222</u>	<u>1,130</u>	<u>150</u>

Staff numbers and costs include all contracted and casual staff regardless of hours worked. The number of permanent full time roles decreased during the year as did the number of casual employees.

The aggregate payroll cost of the employees employed by the group during the year was as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Wages and salaries	15,502	14,476	12,688	3,315
Social security costs	847	816	778	286
Other pension costs	1,212	1,783	1,365	868
	<u>17,561</u>	<u>17,075</u>	<u>14,831</u>	<u>4,469</u>

All staff of 7 Hills Leisure Trust and Sheffield International Venues Limited along with staff employed by SIV Enterprises Limited with contracts at Tapton Park Golf Course were transferred under the provisions of TUPE to Sheffield City Trust on 1 April 2019. 7 Hills Leisure Trust and Sheffield International Venues Limited now procure HR services from Sheffield City Trust as required to support the operations of the venues and a management fee is charged for these services. The staff numbers and costs of all contracted staff employed by Sheffield City Trust irrespective of which group company they provide services to are included in the company numbers above.

The group pension costs include a pension credit of £210,000 in respect of the Derbyshire Pension Scheme.

The number of employees in the group whose emoluments amounted to over £60,000 in the year was as follows:

	2020	2019
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1
	<u>4</u>	<u>3</u>

The company made contributions of £27,856 (2019: £27,096) to defined benefit schemes in respect of these employees of the group.

## Notes to the financial statements (continued)

### 9 Tax

#### *Analysis of charge in year*

	2020 £000	Group 2019 £000
<b>Current tax</b>		
UK corporation tax on income for the year	-	35
Adjustments in respect of prior periods	-	25
<b>Total current tax charge for the year</b>	<b>-</b>	<b>60</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	318	(7)
Impact of change in tax rate	34	-
<b>Total tax charge for the year</b>	<b>352</b>	<b>53</b>

#### *Factors affecting the tax charge for the current year*

The current tax charge for the period is higher (2019: higher) than the standard rate of corporation tax in the United Kingdom, which, for the period ended 31 March 2020, was 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Net outgoing resources before tax	(1,526)	(4,784)
Current tax at 19% (2019: 19%)	(290)	(909)
Non deductible and non taxable items	302	657
Adjustments relating to prior periods	-	25
Utilised losses	(40)	-
Pension scheme adjustments	(32)	8
Short term timing differences	13	(7)
Deferred tax not recognised	278	-
Re-measurement of deferred tax – change in UK tax rate	34	-
Depreciation in excess of capital allowances	-	89
Tax losses	87	190
<b>Total tax charge for the year</b>	<b>352</b>	<b>53</b>

#### *Factors that may affect future current and total tax charges*

In the Budget on 11 March 2020, the chancellor announced that the main rate of corporation tax will remain at 19% from 1 April 2020, rather than the previously enacted reduction to 17%. This was substantially enacted on 17 March 2020. Deferred tax balances have been recalculated at this rate.

## Notes to the financial statements (continued)

### 10 Negative goodwill

	<b>£000</b>
<i>Cost</i>	
At beginning and end of year	(8,741)
<i>Impairment losses/amortisation</i>	
At beginning of year	1,553
Charge for year	205
At end of year	1,758
<i>Carrying amount</i>	
At end of year	<b>(6,983)</b>
At beginning of year	(7,188)

As part of the transaction to take full ownership and direct operation of the EISS, the trust acquired Phoenix Sports Limited for £1 on 31 March 2011.

Phoenix Sports Limited is the company which owns the 150 year lease relating to EISS.

At the date of the acquisition the net assets acquired had a book value of £nil, being the net book value of the EISS building of £20m less the amounts provided by the English Sports Council to fund the construction of the building, £20m, shown as deferred income. In accordance with UK GAAP requirements regarding acquisition accounting, the fair value of the EISS building was determined at the date of acquisition as £29m. As this amount exceeded the deemed consideration paid, £20m, negative goodwill of £9m was recognised.

This goodwill is being amortised over 50 years in line with the useful economic life of the EISS building and the historic grant funding which financed its construction.

### 11 Intangible assets

	<b>Total £000</b>
<i>Cost</i>	
At beginning of year	4
Additions	-
At end of year	4
<i>Amortisation</i>	
At beginning of year	1
Charge for year	1
At end of year	2
<i>Closing net book amount</i>	
At end of year	<b>2</b>
At beginning of year	3

## Notes to the financial statements *(continued)*

### 12 Tangible fixed assets

Group	Freehold land £000	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	Assets under construction £000	Total £000
<b>Cost</b>					
At beginning of year	468	172,549	23,349	146	196,512
Additions	-	-	177	2,348	2,525
Disposals	-	-	(721)	-	(721)
Transfers	-	1,191	690	(1,881)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	468	173,740	23,495	613	198,316
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At beginning of year	-	27,445	13,730	-	41,175
Charge for year	-	1,419	2,042	-	3,461
Disposals	-	-	(721)	-	(721)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	28,864	15,051	-	43,915
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At end of year	<b>468</b>	<b>144,876</b>	<b>8,444</b>	<b>613</b>	<b>154,401</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At beginning of year	468	145,104	9,619	146	155,337
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Within leasehold land and buildings there are assets with a book value of £108,000,000 (2019: £108,000,000) which are not being depreciated. The value of these assets will be realised in full upon exercise of the break clause contained within the related lease.



## Notes to the financial statements (continued)

### 12 Tangible fixed assets (continued)

Company	Freehold land £000	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	Assets Under Construction £000	Total £000
<b>Cost</b>					
At beginning of year	468	141,396	6,187	69	148,120
Additions	-	-	144	635	779
Transfers	-	9	545	(554)	-
Group Transfers	-	34	1,678	11	1,723
At end of year	468	141,439	8,554	161	150,622
<b>Depreciation</b>					
At beginning of year	-	19,180	3,477	-	22,657
Charge for year	-	756	1,069	-	1,825
At end of year	-	19,936	4,546	-	24,482
<b>Net book value</b>					
At end of year	468	121,503	4,008	161	126,140
At beginning of year	468	122,216	2,710	69	125,463

Within leasehold land and buildings there are assets with a book value of £108,000,000 (2019: £108,000,000) which are not being depreciated. The value of these assets will be realised in full upon exercise of the break clause contained within the related lease.

The following are included in the total net book value of tangible fixed assets in respect of assets held under finance leases.

	Group	Company
	Fixtures, fittings and equipment £000	Fixtures, fittings and equipment £000
<b>2020</b>		
Net book value	1,353	1,353
Depreciation	444	413
<b>2019</b>		
Net book value	1,463	1,348
Depreciation	440	360

## Notes to the financial statements (continued)

### 13 Investments - Company

	Investment in subsidiary £000
Net book value at beginning of year	-
Additions	8,907
Impairment	(8,907)
	<hr/>
Net book value at end of year	-
	<hr/>

On 31 March 2015 the charity forgave, by way of a capital contribution, monies owed by its subsidiary Sheffield International Venues Limited. This capital contribution gave rise to the capitalisation of the historic inter-company debtor of £7,578,000. The investment is reviewed for impairment annually, by considering the net present value of future cash flows of Sheffield International Venues Limited over a period to March 2024. The investment was fully impaired in 2019 and no indicators exist to suggest that this impairment be reversed.

On 1 April 2019, all staff of Sheffield International Venues Limited were transferred under the provisions of TUPE to Sheffield City Trust. At the same time, the assets and liabilities of the South Yorkshire Pension Authority scheme were also transferred and as a result of this, Sheffield City Trust have taken on the historic pension liability by way of a capital contribution. The investment was reviewed for impairment at 31 March 2020 and, taking into account the impact that Covid-19 has had on the ability of Sheffield City Trust to generate income, is considered to be fully impaired at the balance sheet date.

The charity holds investments of £100 relating to shares held in subsidiaries.

The entities in which the charity holds beneficial interests are as follows:

	Principal activity	Country of registration	Percentage of ordinary shares held
<i>Subsidiary undertakings</i>			
Sheffield International Venues Limited	Management of sporting and entertainment facilities and provision of catering and conferencing services	England and Wales	100
7 Hills Leisure Trust	Management of sporting and recreational facilities	England and Wales	-*
7 Hills Commercial Limited	Provision of catering services	England and Wales	100**
Phoenix Sports Limited	Operation and strategic direction of English Institute of Sport- Sheffield (EISS)	England and Wales	-*
SIV Enterprises Limited	Management of sporting and recreational facilities, a catering facility and the provision of consultancy services	England and Wales	100***

## Notes to the financial statements (continued)

### 13 Investments - Company (continued)

In the opinion of the directors the investments in and amounts due from the charity's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet. Of the 100 shares in issue, one share in Sheffield International Venues Limited is held in trust for the charity by Sheffield Chamber of Commerce and Industry.

\*In respect of Phoenix Sports Limited and 7 Hills Leisure Trust, whilst their corporate structures are limited by guarantee they are treated as investments by the group on the basis of control.

\*\*7 Hills Commercial is held indirectly by 7 Hills Leisure Trust

\*\*\*SIV Enterprises is held indirectly by Sheffield International Venues Limited

The registered office for Sheffield International Venues Limited, SIV Enterprises Limited, 7 Hills Leisure Trust and 7 Hills Commercial Limited is Riverside East, 2 Millsands, Sheffield, South Yorkshire, S3 8DT. The registered office for Phoenix Sports Limited is 23 Carbrook Hall Road, Sheffield, S9 2EH.

### 14 Stocks

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Goods for resale	150	285	1	-

### 15 Debtors

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade debtors	676	939	224	106
Other debtors	103	164	83	1
Prepayments and accrued income	34,197	33,437	33,627	32,688
Amounts owed by group undertakings	-	-	1,092	-
	34,976	34,540	35,026	32,795

Prepayments and accrued income includes £32,490,000 (2019: £32,490,000) of grant income due from Sheffield City Council following the disposal of Don Valley Stadium and the restructuring of the finance leasing arrangements. This debtor is expected to be received at the date at which the bonds are settled in 2024 under the funding arrangements referred to in note 17.

The carrying value of trade receivables is considered a reasonable approximation of fair value.

## Notes to the financial statements (continued)

### 16 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank loans (see note 17)	68	206	68	206
Other loans	1,525	263	1,525	263
Obligations under finance leases (see note 17)	420	684	420	513
Bonds	14,641	20,340	14,641	20,340
Trade creditors	2,453	1,962	866	394
Other creditors including taxation and social security	7,704	8,276	1,283	557
Corporation tax	-	35	-	-
Accruals and deferred income	2,246	4,941	1,098	2,857
Amounts owed to group undertakings	-	-	9,594	7,160
	<b>29,057</b>	<b>36,707</b>	<b>29,495</b>	<b>32,290</b>

Amounts owed to group undertakings are interest free and repayable on demand.

The carrying amount of trade and other payables approximates to their fair value.

### 17 Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank Loans	248	17	248	17
Other loans	787	1,050	787	1,050
Obligations under finance leases	584	910	584	882
Bonds	49,721	64,358	49,721	64,358
Sheffield City Council	76,047	62,280	76,047	62,280
	<b>127,387</b>	<b>128,615</b>	<b>127,387</b>	<b>128,587</b>

The charity has two bank loans to fund the purchase of fixed assets at a rate of 4.62% and 4.5%, with an outstanding balance of £6,000 and £11,000 respectively at the year end. During the year the company took on a further bank loan to fund fixed assets at a rate of 4.5% with an outstanding balance at the year end of £299,000.

During 2014 the charity took a five year loan of £3,500,000 from Sheffield City Council for the refurbishment of the Sheffield Arena at an interest rate, per annum, of 2.0% above the Bank of England's base rate and during 2015 the charity took a five year loan of £1,750,000 from Sheffield City Council for the refurbishment of Ponds Forge International Sports Centre at an interest rate, per annum, of 2.0% above the Bank of England's base rate. These loans were consolidated into a combined loan of £1,575,000 in January 2019 over five years at a rate of 2.75% interest per annum.

During the year, the charity received a further loan of £1,000,000 from Sheffield City Council to assist with cashflow at an interest rate of 2%, above the Bank of England's base rate. There is no fixed date of repayment in respect of this loan.

Under the terms of the funding agreement between the charity and Sheffield City Council, the council makes payments bi-annually sufficient in value to enable the charity to meet its bond repayment obligations. These receipts are repayable to Sheffield City Council in 2024. We consider the fair value of the bonds to be £72,045,000 (2019: £97,772,000); this reflects the unit value of the bond multiplied by the last market traded value.

## Notes to the financial statements (continued)

### 17 Creditors: amounts falling due after more than one year (continued)

The maturity of the bank and other loans is due as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Within one year	1,593	469	1,593	469
In the second to fifth years	1,035	1,067	1,035	1,067
	<u>2,628</u>	<u>1,536</u>	<u>2,628</u>	<u>1,536</u>

On 1 March 2000 the company issued £140,425,000 of bonds at an issue premium of 0.719%. The bonds attract interest payments of 6.25% paid bi-annually. The bonds are repayable at dates between 2014 and 2024. They are guaranteed by Sheffield City Council.

The bonds are stated net of unamortised issue costs of £873,000 and gross of the unamortised issue premium of £795,000.

	Group		Company	
The maturities of the bonds are as follows:	2020 £000	2019 £000	2020 £000	2019 £000
Within one year	14,641	20,340	14,641	20,340
In the second to fifth years	49,721	64,358	49,721	64,358
	<u>64,362</u>	<u>84,698</u>	<u>64,362</u>	<u>84,698</u>

The maturities of obligations under the leases are as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Within one year	420	684	420	513
In the second to fifth years	584	910	584	882
	<u>1,004</u>	<u>1,594</u>	<u>1,004</u>	<u>1,395</u>

## Notes to the financial statements (continued)

### 18 Deferred tax

	Accelerated tax depreciation £000	Other timing differences £000	2020 Total £000	2019 Total £000
At 1 April 2018	370	(1,330)	(960)	(1,234)
Movement in year	(58)	(395)	(453)	274
At 31 March 2019 & 1 April 2019	312	(1,725)	(1,413)	(960)
Movement in year	74	1,476	1,550	(453)
<b>At 31 March 2020</b>	<b>386</b>	<b>(249)</b>	<b>137</b>	<b>(1,413)</b>
Recognised	386	19	405	34
Unrecognised	-	(268)	(268)	(1,447)
	<b>386</b>	<b>(249)</b>	<b>137</b>	<b>(1,413)</b>

The deferred tax asset has not been recognised on the grounds that there is insufficient evidence that the asset will be recovered.

### 19 Analysis of group net assets between funds

	Unrestricted (designated and general) £000	Restricted £000	Total £000
Tangible fixed assets	123,686	30,715	154,401
Intangible Assets	2	-	2
Net current assets	10,462	-	10,462
Liabilities falling due after more than one year	(127,387)	-	(127,387)
Provisions for liabilities	(405)	-	(405)
Pension liability (note 22)	(13,089)	-	(13,089)
Pension asset (note 22)	100	-	100
Negative goodwill	(6,983)	-	(6,983)
<b>Net assets as at 31 March 2020</b>	<b>(13,614)</b>	<b>30,715</b>	<b>17,101</b>
Net assets as at 31 March 2019	(12,169)	30,183	18,014

### 20 Contingent liabilities

#### *Funding agreement*

The Funding Agreement with Sheffield City Council was renewed in February 2000, the point at which the Sheffield Investment Bond was issued. Under this funding agreement there exists a potential obligation for the group to repay the sums received in 1999/2000 and subsequent years from future surpluses up to a maximum of £491.8 million (2019: £489.7 million) for the group and £378.4 million (2019: £376.3 million) for the company. Repayment is considered unlikely given the not-for-profit nature of the group.

## Notes to the financial statements (continued)

### 21 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Operating leases which expire:				
Within one year	195	238	113	169
In the second to fifth years inclusive	455	537	173	278
More than five years	625	672	-	-
	<u>1,275</u>	<u>1,447</u>	<u>286</u>	<u>447</u>

### 22 Pension scheme

#### *Defined contribution pension scheme - Group*

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £269,000 (2019: £238,000).

Contributions amounting to £38,000 (2019: £69,000) were payable to the scheme and are included in creditors.

#### *Defined benefit pension scheme - Group*

The group contributes to defined benefit pension schemes operated by South Yorkshire Pension Authority and The North Yorkshire Pension Fund. The latest full actuarial valuation for which results are available was carried out at 31 March 2019 and were updated for FRS 102 purposes to 31 March 2020 by a qualified independent actuary. In the prior year the group also contributed to the Derbyshire Pension Authority fund, however the group ceased contributing to this scheme on 1 April 2019 resulting in a £210,000 settlement credit.

The information disclosed below is in respect of the whole of the plans for which the group is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2020				2019			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
Present value of funded defined benefit obligations	-	(53,737)	(2,325)	(56,062)	(1,404)	(56,576)	(2,372)	(60,352)
Fair value of plan assets	-	40,688	2,425	43,113	1,194	43,435	2,422	47,051
	-	(13,049)	100	(12,949)	(210)	(13,141)	50	(13,301)
Present value of unfunded defined benefit obligations	-	(40)	-	(40)	-	(54)	-	(54)
Net (liability)/asset	-	(13,089)	100	(12,989)	(210)	(13,195)	50	(13,355)

## Notes to the financial statements (continued)

### 22 Pension scheme (continued)

#### Movements in present value of defined benefit obligation

	2020				2019			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
At beginning of year	1,404	56,630	2,372	60,406	1,172	51,755	2,212	55,139
Current service cost	-	996	68	1,064	59	843	85	987
Interest cost	-	1,406	58	1,464	32	1,378	57	1,467
Curtailement	-	-	-	-	-	45	-	45
Actuarial (gains)/losses	-	(4,498)	(78)	(4,576)	127	3,424	15	3,566
Past service cost	-	97	-	97	9	521	10	540
Contributions by members	-	193	12	205	9	189	17	215
Benefits paid	-	(1,047)	(107)	(1,154)	(4)	(1,525)	(24)	(1,553)
Settlements	(1,404)	-	-	(1,404)	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>53,777</b>	<b>2,325</b>	<b>56,102</b>	<b>1,404</b>	<b>56,630</b>	<b>2,372</b>	<b>60,406</b>

#### Movements in fair value of plan assets

	2020				2019			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
At beginning of year	1,194	43,435	2,422	47,051	1,109	41,748	2,161	45,018
Expected return on plan assets	-	1,082	60	1,142	30	1,117	57	1,204
Actuarial (gains)/losses	-	(3,543)	(49)	(3,592)	33	1,323	133	1,489
Administration expenses	-	(14)	-	(14)	-	(11)	-	(11)
Contributions by employer	-	582	87	669	17	594	78	689
Contributions by members	-	193	12	205	9	189	17	215
Benefits paid	-	(1,047)	(107)	(1,154)	(4)	(1,525)	(24)	(1,553)
Settlements	(1,194)	-	-	(1,194)	-	-	-	-
<b>At end of year</b>	<b>-</b>	<b>40,688</b>	<b>2,425</b>	<b>43,113</b>	<b>1,194</b>	<b>43,435</b>	<b>2,422</b>	<b>47,051</b>

#### Expense recognised in the statement of financial activities

	2020				2019			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
Current service cost	-	996	68	1,064	59	843	85	987
Past service cost	-	97	-	97	9	566	10	585
Liabilities extinguished on settlement	(1,404)	-	-	(1,404)	-	-	-	-
Assets distributed on settlement	1,194	-	-	1,194	-	-	-	-
Administration expenses	-	14	-	14	-	11	-	11
Interest on defined benefit pension plan obligation	-	1,405	58	1,463	32	1,378	57	1,467
Expected return on defined benefit pension plan assets	-	(1,082)	(60)	(1,142)	(30)	(1,117)	(57)	(1,204)
<b>Total</b>	<b>(210)</b>	<b>1,430</b>	<b>66</b>	<b>1,286</b>	<b>70</b>	<b>1,681</b>	<b>95</b>	<b>1,846</b>



## Notes to the financial statements (continued)

### 22 Pension scheme (continued)

The expense is recognised in the following line items in the statement of financial activities:

	2020				2019			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
Staff costs	(210)	1,107	68	965	68	1,420	95	1,583
Other finance (income)/costs	-	323	(2)	321	2	261	-	263
<b>Total</b>	<b>(210)</b>	<b>1,430</b>	<b>66</b>	<b>1,286</b>	<b>70</b>	<b>1,681</b>	<b>95</b>	<b>1,846</b>

The total amount recognised in the statement of financial activities in respect of actuarial gain is £984,000 (2019: £2,077,000 loss).

The fair value of the plan assets and the return on those assets were as follows:

	2020				2019			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
Equities	-	21,035	1,419	22,454	753	22,078	1,367	24,198
Government debt	-	5,493	463	5,956	-	6,816	460	7,276
Corporate bonds	-	2,970	-	2,970	253	3,222	-	3,475
Property	-	3,662	177	3,839	104	4,205	203	4,512
Other	-	7,528	366	7,894	84	7,114	392	7,590
<b>Total</b>	<b>-</b>	<b>40,688</b>	<b>2,425</b>	<b>43,113</b>	<b>1,194</b>	<b>43,435</b>	<b>2,422</b>	<b>47,051</b>
<b>Actual return on plan assets</b>	<b>-</b>	<b>(1,287)</b>	<b>11</b>	<b>(1,276)</b>	<b>63</b>	<b>2,440</b>	<b>190</b>	<b>2,693</b>

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories.

Principal actuarial assumptions (expressed as weighted averages) at the period end were as follows:

South Yorkshire pension scheme	2020 %	2019 %
Discount rate	2.4	2.5
Expected rate of return on plan assets	2.7	2.6
Rate of increase in salaries	3.4	3.5
Rate of inflation	2.1	2.2
Rate of increase in pensions	2.2	2.3

In valuing the liabilities of the pension fund at £53,737,000 mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.4 years (male), 25.2 years (female)
- Future retiree upon reaching 65: 23.9 years (male), 27.1 years (female)

## Notes to the financial statements *(continued)*

### 22 Pension schemes *(continued)*

North Yorkshire pension scheme	2020 %	2019 %
Discount rate	2.3	2.5
Expected rate of return on plan assets	2.5	2.4
Rate of increase in salaries	3.2	3.4
Rate of inflation	1.9	2.1
Rate of increase in pensions	1.9	2.1

In valuing the liabilities of the pension fund at £2,325,000 mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.8 years (male), 23.9 years (female)
- Future retiree upon reaching 65: 23.5 years (male), 25.7 years (female)

Derbyshire County Council pension scheme	2020 %	2019 %
Discount rate	-	2.5
Expected rate of return on plan assets	-	2.5
Rate of increase in salaries	-	3.0
Rate of inflation	-	2.5
Rate of increase in pensions	-	2.5

### History of plans

The history of the plans for the current and prior periods is as follows:

#### *Balance sheet*

South Yorkshire pension scheme	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Present value of scheme liabilities	(53,737)	(56,576)	(51,700)	(53,562)	(40,961)	(43,714)
Fair value of scheme assets	40,688	43,435	41,748	40,355	32,699	33,811
Present value of unfunded defined benefit obligations	(40)	(54)	(55)	(59)	(63)	(67)
<b>Deficit</b>	<b>(13,089)</b>	<b>(13,195)</b>	<b>(10,007)</b>	<b>(13,266)</b>	<b>(8,325)</b>	<b>(9,970)</b>

## Notes to the financial statements (continued)

### 22 Pension schemes (continued)

#### *Experience adjustments*

	2020 %	2019 %	2018 %	2017 %	2016 %	2015 %
Experience (gains)/losses on scheme liabilities as a percentage of scheme liabilities	(8.4)	6.1	(7.1)	19.4	(7.4)	18.9
Experience (losses)/gains on scheme assets as a percentage of scheme assets	(8.7)	3.0	1.5	15.5	(2.5)	8.1

#### *Balance sheet*

##### **Derbyshire County Council pension scheme**

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Present value of scheme liabilities	-	(1,404)	(1,172)	(1,070)	(810)	(701)
Fair value of scheme assets	-	1,194	1,109	1,050	901	723
<b>(Deficit)/surplus</b>	<b>-</b>	<b>(210)</b>	<b>(63)</b>	<b>(20)</b>	<b>91</b>	<b>22</b>

#### *Experience adjustments*

	2020 %	2019 %	2018 %	2017 %	2016 %	2015 %
Experience losses/(gains) on scheme liabilities as a percentage of scheme liabilities	-	8.7	(3.1)	5.0	(13.6)	15.8
Experience gains/(losses) on scheme assets as a percentage of scheme assets	-	2.8	0.8	9.0	(2.9)	6.8

#### *Balance sheet*

##### **North Yorkshire Pension Fund**

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Present value of scheme liabilities	(2,325)	(2,372)	(2,212)	(2,046)	(1,547)	(1,496)
Fair value of scheme assets	2,425	2,422	2,161	1,930	1,506	1,421
<b>Surplus/(deficit)</b>	<b>100</b>	<b>50</b>	<b>(51)</b>	<b>(116)</b>	<b>(41)</b>	<b>(75)</b>

#### *Experience adjustments*

	2020 %	2019 %	2018 %	2017 %	2016 %	2015 %
Experience (gains)/losses on scheme liabilities as a percentage of scheme liabilities	(3.4)	0.6	0.2	17.4	(7.5)	20.7
Experience (losses)/gains on scheme assets as a percentage of scheme assets	(2.0)	5.5	4.8	16.2	(3.3)	9.3

The group expects to contribute approximately £608,000 to its defined benefit plans in the next financial year.

## Notes to the financial statements (continued)

### 22 Pension schemes (continued)

#### *Defined contribution pension scheme - Company*

The charity operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charity to the scheme and amounted to £245,000 (2019: £60,000). Contributions amounting to £38,000 (2019: £nil) were payable to the scheme and are included in creditors.

#### *Defined benefit pension scheme - Company*

The charity contributes to a defined benefit pension scheme operated by South Yorkshire Pension Authority. The latest full actuarial valuation for which results are available was carried out at 31 March 2019 and was updated for FRS 102 purposes to 31 March 2020 by a qualified independent actuary. On 1 April 2019, the 7 Hills Leisure Trust and the Sheffield International Venues Limited South Yorkshire Pension schemes, were transferred into the Sheffield City Trust South Yorkshire Pension scheme. The assets and liabilities transferred were settled through capital contribution/donations to Sheffield International Venues Limited and 7 Hills Leisure Trust respectively.

The information disclosed below is in respect of the whole of the plans for which the company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2020 £000	2019 £000
Present value of funded defined benefit obligations	(53,777)	(15,174)
Fair value of plan assets	40,688	13,240
<b>Net liability</b>	<b>(13,089)</b>	<b>(1,934)</b>

#### *Movements in present value of defined benefit obligation*

	2020 £000	2019 £000
At beginning of year	15,174	13,932
Current service cost	996	406
Interest cost	1,405	367
Curtailment	-	45
Actuarial (gains)/losses	(4,498)	910
Past service cost	97	170
Contributions by members	193	97
Benefits paid	(1,047)	(753)
Business combinations	41,457	-
<b>At end of year</b>	<b>53,777</b>	<b>15,174</b>

#### *Movements in fair value of plan assets*

	2020 £000	2019 £000
At beginning of period	13,240	12,995
Expected return on plan assets	1,082	344
Actuarial gains	(3,543)	407
Administration expenses	(14)	(5)
Contributions by employer	582	155
Contributions by members	193	97
Benefits paid	(1,047)	(753)
Business combinations	30,195	-
<b>At end of year</b>	<b>40,688</b>	<b>13,240</b>

## Notes to the financial statements (continued)

### 22 Pension schemes (continued)

#### *Expense recognised in the statement of financial activities*

	2020 £000	2019 £000
Current service cost	996	406
Past service cost	97	215
Interest on defined benefit pension plan obligation	1,405	367
Expected return on defined benefit pension plan assets	(1,082)	(344)
Administration expenses	14	5
<b>Total</b>	<b>1,430</b>	<b>649</b>

The expense is recognised in the following line items in the statement of financial activities:

	2020 £000	2019 £000
Staff costs	1,107	626
Other finance income	323	23
<b>Total</b>	<b>1,430</b>	<b>649</b>

The total company amount recognised in the statement of financial activities in respect of actuarial gains is £955,000 (2019: £503,000 loss).

The fair value of the plan assets and the return on those assets were as follows:

	2020 Fair value £000	2019 Fair value £000
Equities	21,035	6,733
Government debt	5,493	2,077
Corporate bonds	2,970	984
Property	3,662	1,280
Other	7,528	2,166
<b>Total</b>	<b>40,688</b>	<b>13,240</b>
<b>Actual return on plan assets</b>	<b>(1,287)</b>	<b>751</b>

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories.

## Notes to the financial statements *(continued)*

### 22 Pension schemes *(continued)*

#### North Yorkshire pension scheme

Change in assumption at 31 March 2020:	Approximate % increase/(decrease) to the defined benefit obligation	Approximate monetary amount (£'000)
0.1% increase in discount rate	(2.3%)	(53)
0.1% increase in salaries	0.3%	7
0.1% increase in the Pension Increase rate	2.1%	49
1 year increase in life expectancy	3.2%	74

#### Sheffield City Trust

#### South Yorkshire pension scheme

Change in assumption at 31 March 2020:	Approximate % increase/(decrease) to the defined benefit obligation	Approximate monetary amount (£'000)
0.1% increase in discount rate	(1.9%)	(1,013)
0.1% increase in inflation	1.9%	1,032
0.1% increase in pay growth	0.2%	113
1 year increase in life expectancy	2.6%	1,406

#### *Nature of benefits*

On retirement, individuals that were members of the defined benefit pension scheme prior to April 2008 receive a cash lump sum on retirement, which they can elect to increase to a maximum of 25% of their pensionable pay, and will receive the remainder of their pension in equal instalments over the remainder of their life, with 50% of their annual pension then being paid to their spouse. Members of the scheme joining after April 2008, do not automatically receive a lump sum on retirement, but can elect to receive up to 25% of their pensionable pay, and will receive the remainder of their pension in equal instalments over the remainder of their life, with 50% of their annual pension then being paid to their spouse.

#### *Regulatory framework in which the plan operates*

Sheffield City Trust participates in three defined benefit pension schemes operated by the South Yorkshire Pension Authority, the North Yorkshire Pension Authority and the Derbyshire County Council Pension Fund ("Administering Authorities") which form part of the Local Government Pension Scheme for local government and related employees in England and Wales ("LGPS").

The LGPS is established under and governed by:

- the Superannuation Act 1972;
- the Public Service Pensions Act 2013;
- the Local Government Pension Scheme Regulations 2013, SI 2013/2356;
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, SI 2014/525;
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, SI 2016/946; and
- the Local Government Pension Scheme (Amendment) Regulations 2018, SI 2018/493.

## Notes to the financial statements *(continued)*

### 22 Pension schemes *(continued)*

#### *Other entities responsibilities for governance of the plan*

The LGPS is a funded, statutory, public sector pension scheme administered, managed and funded at a local level. Sheffield City Trust is an admission body for the purpose of the LGPS and the three schemes in which it participates further to admission agreements entered into with the relevant Administering Authorities.

The Administering Authorities govern each regional LGPS with the support from Local Pension Boards and the Scheme Advisory Board. Nonetheless, it is the Administering Authority who has the primary responsibility for the management and administration of its LGPS fund.

Under relevant legislation and policy the underlying investment fund of each Administering Authority is consolidated into a larger regional fund under a single investment body. The funds administered by the South Yorkshire Pension Authority and the North Yorkshire Pension Authority are consolidated into is the Border to Coasts fund and the Derbyshire County Council Pension Fund is consolidated into the LGPS Central fund.

The Local Pension Boards assist the Administering Authorities to secure compliance with the LGPS regulatory framework and generally to ensure the efficient and effective governance and administration of the LGPS. The Scheme Advisory Board is a single Board existing at national level with responsibility for providing advice to the Secretary of State on the desirability of making future changes to the LGPS. The Board also provides advice to the Administering Authorities and Local Pension Boards in relation to administration and management of the LGPS and its funds.

In addition to the above, the Pensions Regulator is responsible for setting standards of governance and administration in public service pension schemes and has extended regulatory oversight of such schemes.

### 23 Business Combinations

On 1 April 2019 the subsidiary operations of Beauchief Golf Course, Birley Golf Course, Concord Sports Centre, Heeley Swimming Pool and Gym, Hillsborough Leisure Centre, iceSheffield, Ponds Forge International Sports Centre, Springs Leisure Centre and Tinsley Park Golf Course were transferred to Sheffield City Trust, the ultimate controlling party. On this date, the assets and liabilities in respect of these venues were also transferred to Sheffield City Trust at their net book value. The assets and liabilities transferred were as follows:

	£000
Fixed assets	1,689
Stock	5
Debtors	344
Cash – clearing accounts	61
Creditors: Amount falling due in less than one year	(1,291)
<b>Net Assets</b>	<b>808</b>

The net assets were transferred at net book value and were settled through intercompany transfer. The net book value is equivalent to fair value. On the same date all staff from Sheffield International Venues Limited and 7 Hills Leisure Trust transferred to Sheffield City Trust (see note 8 for more detail).

## Notes to the financial statements *(continued)*

### 24 Related party transactions

#### *Directors and key management*

Remuneration amounting to £587,000 (2019: £474,000) was paid to directors and other key management during the year. In addition the charity made contributions of £71,000 (2019: £57,000) to defined benefit schemes in respect of the directors and other key management.

#### *Sheffield City Council*

Under the renewed Funding Agreement dated 22 February 2000 (which superseded the Funding Agreement dated 18 December 1992) between Sheffield City Trust (“the charity”) and Sheffield City Council (“the council”) the charity is entitled to receive income from the council to enable it to make neither a surplus nor a deficit for the year on its operating activities in respect of Ponds Forge International Sports Centre, Hillsborough Leisure Centre and Sheffield Arena and associated facilities. The agreement may be terminated by either party on two months notice to expire on or after 31 March 2024.

An agreement was entered into on 5 April 2000 for the operation of Concord Sports Centre, Beauchief Golf Course, Birley Golf Course and Tinsley Park Golf Course between the charity and the council entitling the charity to receive fixed grant payments, reviewed every three years.

A separate agreement was entered into on 5 April 2000 for the operation of Sheffield City Hall between the charity and the council entitling the charity to receive fixed grant payments, reviewed every three years.

Agreements were entered into on 1 July 2011 for the operation of Heeley Swimming Pool and Gym and Springs Leisure Centre between the charity and the council entitling the charity to receive payment for services, reviewed annually.

During the period the Sheffield City Trust group entered into the following transactions with the council.

- The council advanced £18,439,000 (2019: £18,439,000) to the charity under the shortfall agreement to meet payments made with regards to the charity’s bond liability, of which £4,676,000 (2019: £5,494,000) related to the interest due on the bond.
- The council advanced £2,067,000 (2019: £788,000) to the group under the above agreements, to cover costs incurred by the group.
- The council advanced £88,000 (2019: £86,000) to the charity towards its charitable activities in the community.
- The charity owes the council £nil (2019: £nil) in line with the terms of the funding agreement.
- The charity owes the council £76,047,000 (2019: £62,280,000) with regards to payments made by the council on behalf of the charity with regards to the charity’s bond liability.
- The council advanced £1,228,000 for the cost of building a sports hall at the English Institute of Sport-Sheffield for use by a local school.
- The council advanced £441,000 for the cost of various essential maintenance required on venues that the group manage on their behalf.
- The group entered into other arms length transactions with the council comprising of sales of goods and services to the council of £210,000 (2019: £227,000) with amounts owed to the charity of £20,000 (2019: £15,000) at the year end.
- The group entered into other arms length transactions with the council comprising of purchases of goods and services from the council of £86,000 (2019: £61,000) with amounts owed by the charity of £11,000 (2019: £1,000) at the year end.



## Notes to the financial statements *(continued)*

### 25 Accounting estimates and judgements

In preparing these financial statements, the trustees have had to make the following judgements:

- Determine whether there are indicators of impairment of the charity's non-current assets. The non-current assets were fully impaired in the prior year and there is no indication in the current financial year that would result in a reversal of this impairment.
- Going Concern; As disclosed in note 1, the financial viability of the Trust is dependent on both continued support from the council (working capital and venue investment) and to achieving the trading assumptions in the 2 year business plan. The operating environment presents a number of challenges which could contribute to the Trust failing to achieve its operational cash flow forecasts. The plan is monitored closely by the Trustees.

Other key sources of estimation uncertainty are:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Defined benefit pension liabilities are calculated using assumptions and estimates over key metrics and drivers of change. The charity relies upon an expert third party, an actuary, to calculate the impact of these assumptions upon any pension liability. Management assess the adequacy of assumptions used on an annual basis. Sensitivity analysis, together with assumptions used, have been included in note 22.

### 26 Post balance sheet Events

On 1 May 2020 the charity transferred the operations of both Tapton Park Golf Course from SIV Enterprises Limited and Sinfin Golf Course from 7 Hills Leisure Trust to Sheffield City Trust, consolidating all golf course operations into one organisation.

The trustees are still working with Kier Facilities Services Limited, with a view to transferring the last remaining operation in 7 Hills Leisure Trust, being Westfield Sports Centre to Sheffield City Trust.

As a result of Covid-19, all venues were temporarily closed on 17 March 2020. The continued government restrictions on holding mass participation events means that the FlyDSA Arena, Sheffield City Hall, Scarborough Spa and Whitby Pavillion remain closed and in August 2020 it was determined that these venues would be mothballed until such time as guidance permits mass participation events again. Ponds Forge International Sports Centre remains closed at the date of signing these accounts but is expected to re-open in October 2020.

A restructuring programme has commenced and will result in a significant reduction in headcount. This measure is considered essential to ensure the continued financial viability of the company.

Subsequent to the year end, Sheffield City Council have agreed to provide further revenue and capital funding to the group. Refer to the going concern basis of preparation within the accounting policies for further information.