



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Company No. 08355406
Charity No. 1165100

**LONDON SPORT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Contents	Page
Reference and Administrative details	1
Trustees' Report (incorporating the Strategic Report)	2 – 11
Independent Auditors' Report	12 - 13
Consolidated Statement of Financial Activities	14
Consolidated and Charity Balance Sheet	15
Statement of Cash Flows and Consolidated Statement of Cash Flows	16
Notes to the Financial Statements	17 – 27

LONDON SPORT

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2018

Status	The organisation is a charitable company limited by guarantee, incorporated on 10 January 2013 and registered as a Charity on 08 January 2016.
Governing Document	The company was established under Memorandum and Articles which established the objects and powers of the charitable company.
Company Number	08355406
Charity Number	1165100
Registered Office	60 Cannon Street, London EC4N 6NP (to 22 August 2017) House of Sport, 190 Great Dover Street, London SE1 4YB (from 22 August 2017)
Operating Office	60 Cannon Street, London EC4N 6NP (to 22 August 2017) House of Sport, 190 Great Dover Street, London SE1 4YB (from 22 August 2017)
Chair	Kate Hoey (Resigned 21 September 2017) Richard Barker, acting Chair (21 September to date)
Trustees	Richard Barker (Vice Chair) Derek Michael Brewer Shaun Richard Dawson Yvonne Doyle Philip Hugh Lenon (Resigned 21 September 2017) Sadie Fiona Mason Joyce Ellen Ryan David Sparkes (Resigned 21 June 2017) Doug Taylor Kim Wright Kelvin Walker (Appointed 21 September 2017)
Company Secretary	Genevieve Heselden (Resigned 16 February 2018)
Key Management Personnel	Timothy James Copley Peter Thomas Fitzboydon (Resigned 23 June 2017) Genevieve Heselden (Resigned 16 February 2018) Susan Hutton (Appointed 19 March 2018) Rachael Keen (Resigned 24 May 2018) Tove Okunniwa (Appointed 18 September 2017) Angus Stewart Robertson Robert Smyth (Appointed 30 May 2017)
Bankers	Metro Bank, 1 Southampton Row, London WC16 5HA
Auditors	haysmacintyre, Chartered Accountants & Registered Auditors 10 Queen Street Place, London EC4R 1AG

LONDON SPORT

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the Charity and its subsidiary for the year ending 31 March 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charity Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016).

Chief Executive's Report

I am delighted to be authoring my first Chief Executive's Report since taking the helm of London Sport midway through the 2017/18 financial year. The organisation's vision of making London the most physically active city in the world is a totemic aim, and one that will deliver substantial benefit to Londoners across every part of the nation's capital.

As a business, we have made substantial progress in the past twelve months, and great credit must be paid to the organisation's staff and senior leadership team, our Trustees, and to my predecessor, Peter Fitzboydon, for the strong foundations that we build from today.

The past year has seen the beginnings of many initiatives which will shape the future of physical activity and sport in London. The opening of House of Sport, which provides daily support and collaboration opportunities to non-profit sports organisations; the launch of our SportTech start-up incubator, Sport Tech Hub; the publication of three strategic plans of action focused on deaf and disabled people, the role of technology in enhancing participation, and London's sporting workforce; the launch of a commercial programme and our first ever paid commercial partnership – a 3 year agreement with Westfield Health; a progressive digital communications pilot to drive behaviour change in inactive Londoners and, the announcement of London as a Founding City in the Active Citizens Worldwide initiative alongside counterparts in Auckland and Singapore are all new and exciting ways to enhance the impact of physical activity throughout the city.

With the Mayor of London's Sport Strategy due to be finalised and published in the coming financial year, this is an exciting time for the future of physical activity and sport in London. The work that London Sport has delivered to date will be enhanced by new and much-needed commitments to promoting social integration through sport, and I look forward to seeing London Sport working closely with the Mayor's Office and Sport England to deliver both local and national priorities across London.

As we strive towards making London the most physically active city in the world, I look forward to London Sport continuing to play a central role in shaping the future health of the capital.

Tove Okunniwa
Chief Executive

Vice Chair's Report

The past year has seen London Sport make good progress in its strategic aims and ambitions, and under Tove's stewardship, we are better placed than ever to coordinate efforts to make London the most physically active city in the world. Our commitment to innovation and creativity continues to shine through, and the organisation is in rude health.

LONDON SPORT

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Looking back over the past twelve months, I have been particularly encouraged by the positive reputation that London Sport continues to build, most notably among our key partners and stakeholders who continue to overwhelmingly report that London Sport's advice and guidance is supporting them in achieving their own objectives. Much credit for this must go to the team at London Sport, who have seen the organisation through a period of leadership change with great professionalism and continued dedication to our core values. The results outlined in this report show clearly that the support offered by London Sport to the city remains as important as ever.

Our work continues to be reliant on the support of Sport England and the Mayor of London as principle funders, and the Board remain deeply grateful for their continued investment in the work of London Sport. We are also delighted to acknowledge the on-going commitment of all of our partners, our supporters, and the whole physical activity and sport sector in London for their continued dedication to helping people across the capital to live more active lives.

I, and the whole Board of Trustees, look forward to the year ahead with great confidence and a sense that real momentum is building behind our vision for London.

Richard Baker,
Vice Chair

Our Purpose

The purposes of the Charity are:

- * To help physical activity and sport in London;
- * To promote community participation in healthy recreation by providing, or assist in providing, facilities for playing healthy sports ("facilities" means land, buildings, equipment and organising sporting activities);
- * To provide, or assist in providing, facilities and services for sport, recreation or other leisure time occupation for those who need such facilities by reason of their disability, youth, age infirmity, poverty or social and economic circumstances; or for the public at large in the interests of social welfare and with the object of improving their life conditions;
- * To relieve sickness and preserve health through participation in healthy recreation;
- * To advance education in accordance with the law of Charity;
- * To promote all purposes recognised as charitable under the law of England and Wales from time to time in particular through an association with sport.

Underpinning this purpose is a long-term vision of making London the most physically active city in the world, and a target of getting 1,000,000 Londoners more active by 2020. The Charity's activities and strategic decision making is informed by this vision and target and the Charity does not envisage any substantial variation in these core principles in the forthcoming year.

LONDON SPORT

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

To help achieve these objectives, the Charity has identified five areas of immediate focus:

- * Make it easier for Londoners to find the right activity, stay in it, and achieve their potential;
- * Get more resources for the sector by making best use of current investment, and securing more;
- * Support grassroots organisations by making structures simpler and better;
- * Inform the development of a bigger and better workforce to support activity in London;
- * Harness the power of elite sport to create sustained grassroots activity and inspire the next generation of talent;

These areas of focus were identified in the Charity's Strategy and will also remain consistent in the course of the next year.

Our Activities

Operationally, the Charity's activities are constantly evolving to meet identified need among partners in London. Outlined below are a selection of highlighted activities undertaken in the past year, all of which will continue to a greater or lesser extent in the coming year. These should not be taken as an exhaustive view of London Sport's operations, however, and are intended simply to provide a broad overview of the types of project the Charity undertakes to support its core purpose.

Relationship Management

London Sport's Relationship Management team works across all 33 London Local Authorities and with partners ranging from grassroots clubs and delivery organisations to charities, Housing Associations, health agencies, urban planning and development businesses, community groups and National Governing Bodies to enhance the infrastructure that supports physical activity and sport in the capital. Effective Relationship Management and associated support services remain the core of London Sport's operating focus.

Insight & Research

Insight is at the heart of everything London Sport does, underpinning our own work as well as informing our support of partners and stakeholders across the capital. The insight team has been strengthened with new appointments, and we anticipate a continued focus on the importance of insight in driving achievements across the sector. New research commissions have helped to enhance our understanding of physical activity and sport trends in London, and this understanding informs our strategic decision-making capabilities.

Funding support

Funding support continues to be a central strand of London Sport's work, as we seek to back efforts to secure additional investment into community sport across the capital. Now operating within the organisation's newly-established Commercial directorate, London Sport's funding support is enhanced by access to potential corporate and private funders, as well as exploring enhanced partnerships with established sector funding bodies.

LONDON SPORT

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

House of Sport

Officially opened in August 2017, a year after its initial announcement, House of Sport is home to the London Sport team and a number of partner organisations in physical activity and sport, including Women in Sport, Disability Sports Coach, Sported Foundation and Street League. Incorporating an event space, a dedicated Boardroom and Sport Tech Hub, London's first physical SportTech incubator, House of Sport is playing a tangible role in supporting new partnerships and efficiencies for the community sport and physical activity sector.

Consultancy Services

Developed as part of London Sport's Commercial directorate's focus, London Sport's consultancy services work to provide additional, targeted support in Insight, Funding and Technology for Participation to groups working to support physical activity and sport across London. Projects deliver an enhanced level of input from London Sport's experts and associated consultants, providing new revenue for London Sport, and identifying bespoke solutions to specific challenges faced by the sector.

Innovation

Innovation plays an increasingly important role in London Sport's core operations, helping to identify new and creative solutions and partnerships to help more Londoners to live physically active lives. From identifying new research needs around workplace health and wellbeing to supporting the development of early stage SportTech, innovation projects work hand-in-hand with other core operating focuses to support the ability of physical activity delivery to meet future challenges and adapt to emerging trends.

Partner Survey

In December 2017, the Charity conducted a survey of its partners, receiving responses from 109, including Local Authorities, National Governing Bodies of Sport, Charities, Health Partners and national agencies. The Board was particularly encouraged by the increased reputation of London Sport's insight work among partners, and the consistently high proportion of partners that feel satisfied with the quality of support and advice given by London Sport. The decrease in understanding of London Sport's remit has been noted and will be monitored carefully in next year's partner survey.

	% Agree or Strongly Agree	
	2016	2017
Felt that London Sport adds value to their work	91%	88%
Were satisfied or very satisfied with the quality of advice/support that London Sport gives	93%	89%
Have a clear and consistent understanding of London Sport's remit	86%	89%
Agree that London Sport is renowned for insight	71%	82%

LONDON SPORT

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Financial Review

Revenue

London Sport currently has four main income streams: grant funding, events income and commercial partnership income, including provision of paid-for services to partners, and rental income from the operation of House of Sport.

Grant funding accounts for 92% of London Sport's income disclosed as of 31 March 2018, down from 97% in the prior financial year. The main grant funders are: Sport England, London Legacy Development Corporation and the Greater London Authority. Sport England funding accounts for £3.6m, 74% of London Sport's overall income for the year, which meets the performance requirements from Sport England, which sets a maximum reliance target of 85%.

All grant funders set out expectations in a grant funding agreement, with a number of key specifications for the programmes delivered by London Sport. All of the programmes are disclosed within the notes to the financial accounts. There are currently no deficits within any of the restricted funds.

London Sport works with commercial partners on selected projects, some of which include a service, license or transaction fee payable to London Sport's trading subsidiary. Alongside these commercial projects, London Sport provides various services to our partners, including but not limited to the provision of insight and research expertise, funding support, strategy development and other advisory services.

The accounting policy for income recognition is described in the notes to the accounts.

Expenditure

In 2018, total expenditure was £5.4m (2017, £5.8m). £5.3m (2017, £5.6m) of this was spent delivering the grant funded programmes outlined above, and £0.1m (2017, £0.2m) was spent delivering trading activities.

It can be seen from the above that expenditure has decreased by £0.4m during 2018. This is reflective of the closing of some previously funded programmes and other efficiency savings achieved by the Charity.

Result for the Period

The result for the period is a deficit of £506k (2016: surplus of £75k). The deficit represents the spending down of restricted fund balances plus the effects of a timing adjustment relating to how we account for our building lease payments.

Reserve Policy

The purpose of the Reserve Policy for London Sport is to ensure the stability of the programmes, employment and ongoing operations of the organisation. The level held within reserves is intended to provide an internal source of funds for unanticipated situations. These include but are not limited to: a sudden increase in expenses; an unexpected loss in funding; one-off unbudgeted expenses; or uninsured losses. The reserve is not intended to replace a permanent loss of funds or eliminate an on-going budget gap. The total level of reserves as at 31 March 2018 is £735k (2017: £1,241k) and of this amount unrestricted reserves are £241k (2016: £598k) and restricted reserves are £494k (2016: £643k). Unrestricted reserves are directly impacted by the adjustment for the accounting relating to lease payment timings, increasing these is a focus over the next 24 months.

The minimum amount designated as the required reserve is established as an amount sufficient to maintain ongoing operations of London Sport for three months.

LONDON SPORT

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The target minimum reserve fund is based on the latest budget, equal to three months of average staff costs (not including any consultants) on a sliding scale, based on notice periods and essential operating costs needed to maintain ongoing operations for three months.

The Reserve Policy was set at £467k (2017: £410k) during the financial year, which was sustained. This is reviewed on an annual basis to ensure continuing appropriateness.

Going Concern

After making enquiries, the Trustees have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the Charity has adequate resource to continue in operational existence for the foreseeable future. For this reason, the Trustees continue to adopt the going concern basis in preparing the financial statements.

Structure, Governance and Management

London Sport is committed to meeting high standards of governance and as such the Board acknowledges its contribution to achieving management accountability, improving risk management and ensuring that the key objectives of the Charity are achieved.

The Board currently comprises twelve Non-Executive Trustees. There are currently three Trustee vacancies. The Board met six times during the year.

A Trustee may not act as a Trustee unless he/she has signed a written declaration of willingness to act as a Trustee of the Charity. A statement of Trustees' responsibilities in respect of the financial statements is set out on page 10.

The Chair is appointed by the Mayor of London through a publicly-advertised selection process. The Chair position is currently vacant. There shall be at least three and (unless otherwise determined by a resolution of the Members) not more than twelve Trustees. All Trustees must support the Objects.

The Mayor of London may appoint up to two individuals other than the Chair to be Trustees and shall be entitled to remove the Trustees appointed by him or her.

Sport England and London Councils shall be entitled to appoint up to two Trustees to the Board and shall be entitled to remove the Trustees so appointed by the Board.

Five other Non-Executive Trustees shall be appointed by the Trustees from candidates who apply in writing to the Board in the course of an open recruitment process to be determined by the Board. The Trustees may regulate its proceedings in respect of such appointments as it sees fit.

Every Trustee howsoever appointed has the same duty as all the other Trustees to act in the way he or she decides in good faith would be most likely to further the purposes of the Charity.

Any decision of the Board must be by decision of a majority of the Trustees present and voting at a quorate Board meeting, or a unanimous decision taken without a Board Meeting taking place.

The Board has established a Finance Sub-Committee, a Remuneration Sub-Committee, an Equality and Diversity Sub-Committee, a Stakeholder Forum and a Nominations Sub-Committee. Each Sub-Committee Chair is required to report frequently to the Board and ensures that all duties are performed to a satisfactory level by each sub-committee.

LONDON SPORT

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Finance Sub-Committee

The Finance Sub-Committee met six times during the year. Its members during the year were Philip Hugh Lenon (to 21/9/17), Kim Wright and Kelvin Walker (from 21/9/17) assisted by Peter Fitzboydon (to 23/6/17), Tove Okunniwa (from 18/9/17) and Genevieve Heselden (to 16/2/18) from the Executive team. The Board is satisfied in its obligations in that at least one member has recent relevant financial experience. As required, meetings are attended by the external auditors.

Remuneration Sub-Committee

The Remuneration Sub-Committee was formed during the year, and met once. Its members during the year were Richard Barker and Shaun Dawson, assisted by Peter Fitzboydon (to 23/6/17), Tove Okunniwa (from 18/9/17) and Genevieve Heselden (to 16/2/18) from the Executive team.

Equality and Diversity Sub-Committee

The Equality and Diversity Sub-Committee met once during the year. Its members during the year were representatives of London Sport, Age UK, English Federation of Disability Sport (EFDS), Interactive, Pride Sports, Sporting Equals and Women in Sport, assisted by Angus Robertson from the Executive Team. In December 2017, the Board agreed to cease the operation of the Equality and Diversity Sub-Committee.

Stakeholder Forum

The Stakeholder Forum was formed to bring together key London stakeholders in physical activity and sport in London, to help enhance policy coordination. Previously the Forum was a sub group of the Board, however it was agreed during the year that, in this format, the Forum would be discontinued. Going forward the engagement and interaction with stakeholders would be managed by the Executive directly.

Nominations Sub-Committee

The Nominations Sub-Committee was formally established at the end of the previous year to manage the recruitment of a Chief Executive Officer and met several times during the first half of the year. Its members are Richard Barker, Shaun Dawson, Sadie Mason and Simon Cooper, assisted by Genevieve Heselden and Rachael Keen from the Executive team.

Delegation of day-to-day management powers

The day-to-day management of the Charity is delegated to the Chief Executive Officer. The delegated power shall be to manage the Charity by implementing the policy and strategy adopted by and within a budget approved by the Board.

Pay policy for senior staff

The Trustees consider that the Board of Trustees and the senior management team comprise the key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

The pay of the senior management team comprising five key management personnel and all staff is reviewed annually and normally increased to reflect a cost of living adjustment. In view of the nature of the Charity, the Trustees benchmark against pay levels in other comparable organisations and charities.

LONDON SPORT

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Managing risk

London Sport has a formal risk management process through which the senior management team identifies the major risks to which the organisation may be exposed. These risks are ranked by likelihood and impact, culminating in a risk control document which is updated on a regular basis.

All significant risks, together with current mitigation actions, are reviewed regularly at Board Meetings throughout the year by the Trustees. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

London Sport's principal risks are then maintained in a risk register, where each risk is categorised as either a strategic risk or an operational risk. There are currently fourteen operational and fourteen strategic risks identified. Each risk is assessed using a likelihood rating of 1-5, where 5 is the most likely, and an impact rating of 1-5, where 5 is severe. The total score is then given a red, amber or green (RAG) rating.

The work has identified that our biggest strategic risk is a reduction in funding from our main stakeholders. This risk is managed through regular liaison with our stakeholders and actively contributing to new sports strategies and reviews. We are also aiming to mitigate this risk by diversifying our funding base and our reliance on one major funder.

The major operational risk arises from fire, health and safety. Controls are in place to ensure that London Sport has a Health and Safety Policy in place. An up-to-date Health and Safety Assessment has been carried out on the current workplace.

Statement of the Board of Trustees' responsibilities for the financial statements

The Trustees, who are also directors of London Sport for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year and not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of the affairs of the Charity as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the year then ended.

In preparing those financial statements which give a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets

LONDON SPORT

TRUSTEES' REPORT (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each of the directors, who held office at the date of approval of this Trustees' Report, has confirmed that there is no information of which they are aware which is relevant to the audit but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are made aware of such information.

Auditors

haysmacintyre have expressed their willingness to continue in office as auditors. A resolution proposing that haysmacintyre be reappointed as auditors of the charitable company for the forthcoming year will be put to members at the Annual General Meeting.

Approved by the Trustees on 20 September 2018 and signed on their behalf by:



Kelvin Walker

LONDON SPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON SPORT FOR THE YEAR ENDED 31 MARCH 2018

Independent auditor's report to the members of London Sport Limited

Opinion

We have audited the financial statements of London Sport Limited for the year ended 31 March 2018 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheet, Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 March 2018 and of the group and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company'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 the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

LONDON SPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON SPORT

FOR THE YEAR ENDED 31 MARCH 2018

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees Report (which incorporates the Strategic Report and Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Report (which incorporates the Strategic Report and the Directors' Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report (which incorporates the Strategic Report and the Directors' Report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company 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

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Beard (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors

Dated: 20/9/2018

10 Queen Street Place
London
EC4R 1AG

LONDON SPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON SPORT

FOR THE YEAR ENDED 31 MARCH 2018

LONDON SPORT

Company No. 08355406

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including consolidated income and expenditure account)

AT 31 MARCH 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
INCOME FROM:					
Charitable activities <i>Programme Delivery</i>		268	4,529	4,797	5,655
Other trading activities <i>Thought Leadership and Partner Services</i>		101	-	101	169
Other		2	-	2	12
Total income	2	371	4,529	4,900	5,836
EXPENDITURE ON:					
Expenditure on Charitable activities <i>Delivery of Charitable activities</i>	3	627	4,678	5,305	5,598
Activities and Events		101	-	101	164
Total expenditure	3	728	4,678	5,406	5,762
Net income	6	(357)	(149)	(506)	74
Net assets transferred from merger	7	-	-	-	1
Net movement in funds		(357)	(149)	(506)	75
Funds brought forward		598	643	1,241	1,166
Funds at 31 March 2018		241	494	735	1,241

The notes on pages 17 - 27 form part of these financial statements

The statement of financial activities includes all gains and losses recognised in the year.


All amounts derive from continuing activities.

LONDON SPORT
CONSOLIDATED AND CHARITY BALANCE SHEET
AT 31 MARCH 2018

Company No. 08355406

	Notes	2018		2017	
		Group £'000	Charity £'000	Group £'000	Charity £'000
FIXED ASSETS	9	416	416	-	-
CURRENT ASSETS					
Debtors	10	424	402	549	547
Short term deposits and cash in hand		708	672	1,648	1,643
		<u>1,132</u>	<u>1,074</u>	<u>2,197</u>	<u>2,190</u>
CURRENT LIABILITIES					
CREDITORS: amounts falling due within one year	11	<u>595</u>	<u>518</u>	<u>956</u>	<u>934</u>
NET CURRENT ASSETS		<u>537</u>	<u>556</u>	<u>956</u>	<u>934</u>
CREDITORS : amounts falling due over one year	12	218	218	-	-
NET ASSETS		<u><u>735</u></u>	<u><u>754</u></u>	<u><u>1,241</u></u>	<u><u>1,256</u></u>
FUNDS					
Unrestricted funds		241	260	598	613
Restricted funds		494	494	643	643
TOTAL FUNDS	16	<u><u>735</u></u>	<u><u>754</u></u>	<u><u>1,241</u></u>	<u><u>1,256</u></u>

Approved by the Trustees and authorised for their issue on 20 September 2018 and signed on their behalf by:


Kelvin Walker

A separate Statement of Financial Activities and Income and Expenditure Account for the Charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The deficit of the parent Charity was £487k (2017: surplus £103k).

The notes on pages 17 – 27 form part of these financial statements

STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS

AT 31 MARCH 2018

	Note	2018		2017	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Cash flows from operating activities	18	<u>(480)</u>	<u>(511)</u>	<u>315</u>	<u>310</u>
Cash flows from investing activities					
Purchase of property, plant & equipment		(462)	(462)	-	-
Interest income		2	2	2	2
Transfer of Interactive		-	-	1	1
Cash provided by (used in) investing activities		<u>(460)</u>	<u>(460)</u>	<u>3</u>	<u>3</u>
Increase (decrease) in cash and cash equivalents in the year		(940)	(971)	318	313
Cash and cash equivalents at the beginning of the year		1,648	1,643	1,330	1,330
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>708</u></u>	<u><u>672</u></u>	<u><u>1,648</u></u>	<u><u>1,643</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

London Sport meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Preparation of accounts on a going concern basis

The Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the Charity remains a going concern for the foreseeable future.

Group financial statements

The financial statements consolidate the results of the Charity and its wholly owned subsidiary London Sport Trading Limited on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the Charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Income recognition

All income is recognised once the Charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.

Donations and legacies

Donations and gifts and are included in full in the Statement of Financial Activities when there is entitlement, probability of receipt and the amount of income receivable can be measured reliably.

Gifts in kind

Gifts in kind represent assets donated for distribution or use by the Charity. Assets given for distribution are recognised as income only when distributed. Assets given for use by the Charity are recognised when receivable. Gifts in kind are valued at the amount actually realised from the disposal of the assets or at the price the Charity would otherwise have paid for the assets.

Grants

Grants are recognised in full in the statement of financial activities in the year in which the Charity has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of delivering our programmes in order to further the purpose of the Charity and their associated support costs.
- Other expenditure represents expenditure on events and our support services provided to our partners and the local Boroughs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Expenditure allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the core business functions, are apportioned based on staff time attributable to each activity where appropriate.

Governance cost includes staff costs and overheads in respect of the management of the Charity and compliance with constitutional and statutory requirements.

Allocation of costs

Staff costs are allocated between direct charitable expenditure and support costs based on the time spent on these activities. Other costs are allocated directly to the relevant heading.

Financial Instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Fixed assets

Fixed assets are stated at cost or deemed cost (donated valuation at estimated fair value) less accumulated depreciation and impairment losses. Assets costing more than £1k are capitalised.

Depreciation is calculated to write off the costs of the fixed asset by equal instalments as follows, all straight line:

Furniture, fittings and equipment	4 years straight line
Leasehold improvements	life of lease

Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due

Funds

Unrestricted funds are donations and other income receivable or generated for the objects of the Charity. Designated funds are unrestricted funds earmarked by the Trustees for particular purposes. Restricted funds are those funds which are to be used in accordance with specific instructions imposed by the donor or trust deed.

Employee benefits:**Short term benefits**

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Employee termination benefits

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Pension scheme

London Sport operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of London Sport in an independently administered fund. The pensions costs charged in the financial statements represent the contributions paid during the year.

2. TOTAL INCOME FROM CHARITABLE ACTIVITIES	£'000	£'000
Programme delivery	4,529	5,641
Rental income	225	-
Events	22	40
Services provided to Partners	71	81
Courses and Seminars	-	14
Sponsorship	-	22
Other	53	38
	<u>4,900</u>	<u>5,583</u>

Programme Delivery for Charitable Activities	£'000	£'000
The breakdown was as follows:	2018	2017
Sport England - Core Activities	1,808	1,808
Sport England - Sportivate	684	1,565
Sport England - Satellite Clubs	581	887
GLA - Club Capacity Building Programme	526	344
Sport England - Coaching and Volunteering	273	331
Sport England - Primary School Premium and Active Lives	304	255
Motivate East	191	201
Interactive	82	142
GLA Technology Innovation Fund	-	50
Active People Active Park	-	20
Other	80	38
	<u>4,529</u>	<u>5,641</u>

3. ANALYSIS OF GROUP EXPENDITURE

	Direct Costs - Staff £'000	Direct Costs - Other £'000	Grant Funding £'000	Support Costs £'000	2018 Total £'000	2017 Total £'000
Delivery of Charitable Activities	2,337	762	1,726	480	5,305	5,598
Activities and Events	43	50	-	8	101	164
	<u>2,380</u>	<u>812</u>	<u>1,726</u>	<u>488</u>	<u>5,406</u>	<u>5,762</u>

4. ANALYSIS OF SUPPORT COSTS

	Management £'000	Finance £'000	Resources £'000	Governance £'000	2018 Total £'000	2017 Total £'000
Delivery of Charitable Activities	100	32	315	33	480	471
Activities and Events	-	-	8	-	8	6
	<u>100</u>	<u>32</u>	<u>323</u>	<u>33</u>	<u>488</u>	<u>477</u>

Resources include costs of IT and premises.

5. GOVERNANCE COSTS INCLUDE:

	2018 £'000	2017 £'000
Staff costs	10	5
Auditors' remuneration:		
Audit work – London Sport	10	10
Audit work - London Sport Trading	3	3
Other services	10	3
	<u>33</u>	<u>21</u>

6. NET INCOME FOR THE YEAR

	2018 £'000	2017 £'000
This is stated after charging/crediting		
Auditors' remuneration (including VAT):		
Audit	13	14
Other Services	10	2
	<u>23</u>	<u>16</u>

No Trustee received remuneration or reimbursed expenses in the current or prior year.

	2018		2017	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Due within one year	196	196	-	-
	<u>196</u>	<u>196</u>	<u>-</u>	<u>-</u>

7. SUBSIDIARIES

On 1 April 2017, a formal merger process took place with another Charity – London Sports Forum for Disabled People (trading as Interactive). In the year to 31 March 2018 all of its income and expenditure is included in London Sport operations.

The wholly owned subsidiary London Sport Trading Limited is incorporated in the United Kingdom (company number: 09926559). London Sport owns all of the share capital of London Sport Trading (nominal value of £1) and it is fully paid up. The subsidiary was incorporated in December 2015, trading commenced in April 2017 and will pay all of its profits to London Sport under the Gift Aid scheme.

The summary financial performance of the subsidiary alone is:

	2018 £'000	2017 £'000
Turnover	101	179
Cost of sales and administration costs	(105)	(194)
Net profit/(loss)	(4)	(15)
Amount gift aided to the Charity	-	-
	<u> </u>	<u> </u>
Surplus/(loss) retained in subsidiary	<u> </u> <u> </u>	<u> </u> <u> </u>

The current assets and liabilities of the subsidiary were:

Current assets	58	25
Current liabilities	(76)	(40)
Total net assets	(19)	(15)
	<u> </u>	<u> </u>
Aggregate share capital and reserves	<u> </u> <u> </u>	<u> </u> <u> </u>

8. STAFF COSTS AND NUMBERS

	2018 £'000	2017 £'000
Staff costs were as follows:		
Salaries and wages	1,782	1,946
Social security costs	176	185
Pension contributions	210	226
Redundancy payments	-	37
	<u> </u>	<u> </u>

The number of employees whose emoluments for the year fell within the following bands were:

	2018 Number	2017 Number
£60,001-£70,000	2	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£100,001 - £110,000	-	1

8. STAFF COSTS AND NUMBERS (continued)

Of these, 2 employees are accruing pension contributions totalling £12k (2017: 2 employees, accruing £16k).

The total employee benefits of the senior management team comprising 6 key management personnel (2017: 5 key management personnel) of the Group were £394k (2017: £445k). The reduction in cost relates to vacant positions for extended periods during the year.

	2018 Number	2017 Number
The average number of employees during the year was as follows:		
Charitable activities	47	50
Support	3	4
	<u>50</u>	<u>54</u>

9. FIXED ASSETS

	Leasehold Buildings £'000	TOTAL £'000
Cost		
Opening Balance as at 1 April 2017	-	-
Purchases during year	462	462
Depreciation		
Opening Balance as at 1 April 2017	-	-
Charge during year	46	46
NBV at 31 March 2018	<u>416</u>	<u>416</u>
NBV at 31 March 2017	<u>-</u>	<u>-</u>

Included in Buildings is the refurbishment costs of House of Sport of £416k (2017 : £0).

10. DEBTORS: amounts falling due within one year

	2018		2017	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Project debtors	161	140	238	236
Prepayments	22	22	119	119
Accrued income	81	81	124	124
Other debtors	160	159	68	68
	<u>424</u>	<u>402</u>	<u>549</u>	<u>547</u>

11	CREDITORS: amounts falling due within one year	2018		2017	
		Group £'000	Charity £'000	Group £'000	Charity £'000
	Project creditors	145	125	415	409
	Other taxation and social security	77	77	68	68
	Accruals	157	153	453	429
	Deferred income	93	93	20	20
	Other creditors	123	70	-	8
		<u>595</u>	<u>518</u>	<u>956</u>	<u>934</u>
12	CREDITORS : amounts failing due within 2-5 years				
		2018		2017	
		Group £'000	Charity £'000	Group £'000	Charity £'000
	Leases	218	218	-	-
		<u>218</u>	<u>218</u>	<u>-</u>	<u>-</u>
13	ANALYSIS OF DEFERRED INCOME				
		2018		2017	
		Group £'000	Charity £'000	Group £'000	Charity £'000
	Deferred income at 1 April	20	20	26	26
	Applied during the year	93	93	166	166
	Released during the year	(20)	(20)	(172)	(172)
	Deferred income at 31 March	<u>93</u>	<u>93</u>	<u>20</u>	<u>20</u>
14.	ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS				
		Restricted Funds £'000	General Funds £'000	Total Funds £'000	
	Fixed assets	-	416	416	
	Current assets	494	638	1,132	
	Current liabilities	-	(595)	(595)	
	Long term liabilities	-	(218)	(218)	
	Net assets at 31 March 2018	<u>494</u>	<u>241</u>	<u>735</u>	

15. FINANCIAL INSTRUMENTS

	GROUP 2018 £'000	CHARITY 2018 £'000
Financial assets		
Financial assets measured at fair value through profit or loss	1,124	1,088
Financial assets that are debt instruments measured at amortised cost	424	402
	<u>1,548</u>	<u>1,490</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(813)	(736)
	<u>735</u>	<u>754</u>

16. ANALYSIS OF FUNDS

	Balance at 1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance at 31 March 2018 £'000
General funds	598	371	728	-	241
Restricted funds					
Core Activities	-	1,808	1,702	-	106
Sportivate	153	684	837	-	-
Satellite Club	140	581	570	-	151
Club Capacity	25	526	551	-	-
Coaching/ volunteering	165	273	360	-	78
Primary School Premium	114	304	265	-	153
Motivate East	16	191	207	-	-
Interactive	-	82	76	-	6
Other	30	80	110	-	-
Group total	<u>1,241</u>	<u>4,900</u>	<u>5,406</u>	<u>-</u>	<u>735</u>

General funds: These are funds designed in line with our reserves policy to cover the operational costs of the Group for a minimum period of three months

Restricted funds:

Core activities –	funding to cover the cost of running the organisation – staff, rent, travel & subsistence, marketing. This is from a combination of ‘Core’ funding, plus contributions from several funding programmes that make a contribution to operating costs
Sportivate –	gives more young people the chance to discover a sport that they love - gives 14-25 year-olds who are not particularly sporty access to six-to-eight weeks of free or subsidised coaching in a range of sports
Satellite Clubs –	Satellite clubs are extensions, or outposts, of community sports clubs which are established in a new venue, usually a secondary school or college and specifically target the 11-25 age group. They help to facilitate the step from school or college sport to community sport which is often too great for young people. This is one reason that so many 11-25 year olds drop out of sport
Club Capacity –	a GLA funded programme where London Sport manages a group of specialist deliverers, who provide tailored support for clubs to increase their capacity and help them to become sustainable
Coaching/ Volunteering –	Provision of coaching and volunteering program support to all coaches within London to help reach the 1m target
Primary School Sport-	Sport England, the County Sports Partnership Network and the Youth Sport Trust are combining these efforts to help schools and sports make the most of the new Government £150m pa Primary School Sport Premium
Motivate East -	an inclusive sports participation project for disabled people living in the Host Boroughs inspired by the Paralympic Games
Interactive -	The interactive programme aims to create disability equality in physical activity and sport by influencing and implementing change in policy and delivery across sectors.

17. TAXATION

The Charity is exempt from corporation tax as all its income is charitable and is applied for charitable purpose. The Charity is not exempt from VAT which is included with the expenses to which it relates on the Statement of Financial Activities.

18. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018		2017	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Net income for the year	(506)	(502)	74	89
Add back depreciation charge	46	46	-	-
Deduct interest income shown in investing activities	(2)	(2)	(2)	(2)
Decrease (increase) in debtors	125	145	61	63
Increase (decrease) in creditors	(143)	(198)	182	160
Net cash used in operating activities	<u>(480)</u>	<u>(511)</u>	<u>315</u>	<u>310</u>

19. COMPARATIVE SOFA FROM 2017 ACCOUNTS

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000
INCOME FROM:				
Charitable activities <i>Programme Delivery</i>		14	5,641	5,655
Other trading activities <i>Thought Leadership and Partner Services</i>		169	-	169
Other		12	-	12
Total income	2	195	5,641	5,836
EXPENDITURE ON:				
Expenditure on Charitable activities <i>Delivery of Charitable activities</i>	3	48	5,550	5,598
Activities and Events		164	-	164
Total expenditure	3	212	5,550	5,762
Net income	6	(17)	91	74
Transfers between funds		-	-	-
Net assets transferred from merger	7	1	-	1
Net movement in funds		(16)	91	75
Funds brought forward		614	552	1,166
Funds at 31 March 2017		598	643	1,241

20. RELATED PARTY TRANSACTIONS

In 2017, the following transactions took place between the Charity and its wholly owned subsidiary London Sport Trading: events support £38k, data and branding fees £6k and management fee £5k. There were no other transactions with related parties as at 31 March 2017 (2016: £nil). The total amount of donations received from Trustees in the year was £nil (2016: £nil).

21. CONTINGENT LIABILITIES

The charitable company is currently in negotiations with HMRC regarding agreement on a new partial exemption VAT recovery agreement. At the date of signature, the agreement has not been finalised and approved by HMRC.

Should no agreement be reached, the Charitable company would have to apply the standard rate methodology to VAT returns submitted over the year to 31 March 2018. This would create a potential liability at 31 March 2018. At the date of signature, it is not possible to quantify the final amount of any potential liability.