

**Sheffield City Trust**

**Annual report and consolidated  
financial statements**

**Registered number 2164600**

**Charity Registration Number 700520**

**Year ended 31 March 2021**

## Contents

Trustees' and directors' report (including strategic report)	1
Statement of trustees' responsibilities in respect of the strategic report, the trustees' report and the consolidated financial statements	13
Independent auditor's report to the members of Sheffield City Trust	14
Consolidated statement of financial activities ( <i>incorporating income &amp; expenditure account</i> )	19
Company statement of financial activities ( <i>incorporating income &amp; expenditure account</i> )	20
Consolidated balance sheet	21
Company balance sheet	22
Consolidated cash flow statement	23
Notes to the financial statements	24

## 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 2021.

### 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 Sinfin Golf Course and Westfield Sports Centre on 1 May 2020 and 1 November 2020 respectively, from 7 Hills Leisure Trust, a sister charity which forms part of the group, and the transfer of the operations of Tapton Golf Course on 1 May 2020 from SIV Enterprises Limited, another group company, 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
- Sinfin Golf Course (from 1 May 2020)
- Springs Leisure Centre
- Tapton Park Golf Course (from 1 May 2020)
- Tinsley Park Golf Course
- Westfield Sports Centre (from 1 November 2020)

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

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

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

- Sinfin Golf Course (until 30 April 2020)
- Westfield Sports Centre (until 31 October 2020)

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 operated the following venues:

- Peasholm Park Café (until 31 January 2021)
- Scarborough Spa (until 31 January 2021)
- Tapton Park Golf Course (until 30 April 2020)
- Whitby Pavillion (until 31 January 2021)

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

### **Activities (continued)**

On 1 February 2021, SIV Enterprises Limited ended its contract with Scarborough Borough Council to operate Scarborough Spa, Whitby Pavilion and Peasholm Park Café. Operation of these venues passed back to Scarborough Borough Council on this date.

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.

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 disappointed in attendance levels during the year. However, this is understandable given the impact Covid-19 has had, requiring all venues to close for various periods during the financial year and also impacting on what services can be offered and how they can be offered when the venues were able to open. As public confidence starts to grow, the trustees anticipate an increase in attendances, 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.

Despite the significant impact that Covid-19 has had on the Charity some activity has been able to continue throughout the year. A number of elite and professional sports have continued to operate during the 12-month period, within strict and specific guidance. Along with having to meet these criteria, they also have paid additional amounts of their contracted rent and usage as part of a directive from UK Sport. This has meant that at the English Institute of Sport – Sheffield GB Boxing, GB Para Badminton, GB Para Table Tennis and GB Wheelchair Basketball have continued to train in preparation for Tokyo 2021, which has been delayed from 2020. At Ponds Forge International Sports Centre the professional basketball team, the Sheffield Sharks have continued to train and have played Basketball League fixtures behind closed doors.

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 NCSEM at Concord has continued to operate throughout the pandemic, with abnormal operating cost being picked up by the NCSEM.

Throughout the pandemic, where venues have been permitted to open, the activities provided in venues have carefully followed and complied with the guidelines set out by the government, however, this has seen a reduced number of activities being offered to customers and a reduced number of people able to attend each activity. At different stages of the pandemic, we have seen our gyms and swimming pools reopen, as well as group exercise resume when permitted. Team sports have suffered in the year, having had little or no opportunity to return, apart from for under 18's.

The charity has been unable to deliver or host any spectator events during 2020/21 as a result of Covid-19 and has seen little or no opportunity for secondary spend, in particular catering, as again the guidance/restrictions from central government has resulted in reduced footfall.

One opportunity from Covid-19, has been outdoor activity, with restrictions pushing people positively into finding different ways to exercise/socialise, one of these ways being golf. The charity's 5 golf courses, when permitted to open, have performed well, seeing a significant increase in golfers, new and old, wanting to play and socialise in the fresh air, no matter the season or weather.

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.

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

### Activities (continued)

The charity continues to encourage the arts by the promotion of the Sheffield International Concert Season in Sheffield City Hall, however this has been unable to take place in the current financial year, as the venue has remained closed throughout the pandemic. The venue has however, been able to support local partnerships, being used by St Luke's Hospice to provide essential off-site training facilities.

Other venues within the charitable group have also been utilised to assist the NHS and help the fight against Covid-19 with Sheffield Arena being used as a drive-in Phlebotomy service, to allow patients with non-Covid related conditions to give blood safely. The venues hospitality area is being used by the Northern General hospital's ophthalmology department to see patients with non-Covid related conditions and, in January 2021, Sheffield Arena became a large-scale vaccination centre where it offers the Astra Zeneca, Moderna and Pfizer vaccines at least 12 hours a day, 7 days a week. The venue's auditorium has also been used as a logistics storage and distribution space, with items such as PPE and additional hospital beds being stored at the venue for both the NHS and Sheffield City Council from April to September 2020.

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.

### Financial Review

The funding agreements for the venues between the charity and Sheffield City Council, Scarborough Borough Council and Derby City Council mean the charity is entitled to receive income from these councils to fund its operating activities which in the year amounted to £12,186,000 (2020: £7,423,000).

When considering the financial performance of the charity the trustees examine the results of each facility that the charity operates. In 2020/21 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 for a significant part of the year. Whilst most venues have reopened, in one form or another, at some point during the year, attendances, with the exception of golf, have been lower than normal due to operating restrictions that remain in place, customer confidence and also continuing difficult economic circumstances for the majority of users. The charity has sought to minimise the impact of the closures through careful monitoring of costs and taking advantage of available government funding such as the Coronavirus Job Retention Scheme, the Culture Recovery Fund, lockdown grants and business rates relief. The group has negative unrestricted general reserves at 31 March 2021 of £3,087,000 (2020: negative £1,125,000). The Trustees are confident that over future periods, as Covid restrictions continue to ease, 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 £25,820,000 (2020: £40,184,000) and total resources expended amounted to £28,300,000 (2020: £41,710,000) resulting in net outgoing resources before tax of £2,480,000 (2020: £1,526,000).

The results of the charity's trading subsidiary, Sheffield International Venues Limited, its subsidiary SIV Enterprises Limited, the subsidiary charity, 7 Hills Leisure Trust and also 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 reviewed the trading model, during the previous financial year and found that whilst the SIV logo was well understood in Sheffield to represent the venues and all activities of the charity and the wider group, the trustees felt that it was 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 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. The operation of the remaining venues, Westfield Sports Centre and Sinfin Golf Course, were transferred to Sheffield City Trust during the year on 1 November 2020 and 1 May 2020 respectively.

Following the transfer of a number of venues to Sheffield City Trust on 1 April 2019 and during the currently financial year, 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 significant impact of Covid-19 and government restrictions that have been put in place. As a result of the restrictions all venues were closed on 17 March 2020 and as noted above reopened at various points throughout the year.

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 (Sheffield 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 3 year business plan to March 2024. 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. further periods of lockdown and changes in the roadmap for reopening the entertainment venues. 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 Tapton 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 were members of the North Yorkshire Pension Authority ("NYPA") scheme having transferred into the company from Scarborough Borough Council under the provisions of TUPE, transferred back to Scarborough Borough Council on 1 February 2021 under the provision of TUPE. SIV Enterprises Limited ceased its membership of the NYPA scheme on this date. 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 higher in March 2021 than March 2020. 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 2021 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 £18,510,000 (2020: negative £13,614,000) and restricted funds of £30,688,000 (2020: £30,715,000).

The restricted funds of the charity at 31 March 2021 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 £18,510,000 includes a net pension deficit of £15,935,000 (2020: £12,989,000 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 £2.6m (2020: negative £0.6m) 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. Covid-19 continues to impact on the charity's 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 by 1 November 2020 the operations of all venues had been transferred to Sheffield City Trust from 7 Hills Leisure Trust. In doing this the Trustees believe that the streamlined group structure will drive further efficiencies and ultimately improve the resources available to deliver the charitable objects of both charities.

As noted above, as a direct result of Covid-19, all venues were closed on 17 March 2020, however whilst the majority of venues have reopened during the year, albeit at a reduced offering and capacity, both the Sheffield Arena and Sheffield City Hall remain closed for events at the date of signing these accounts. It is expected that these venues will remain closed until government guidance in respect of mass participation events are relaxed or removed in line with the national road map. The trustees plan to reopen the venues as soon as it is practical and safe to do so after this date.

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.

The performance of the group in the first quarter of 21/22 was satisfactory, when taking into account the impact of Covid-19. As the customer confidence begins to grow and restrictions are further lifted, 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**

Following the UK's departure from the European Union on 31 January 2020, the trustees have considered the impact and as yet have not identified any significant impact in his future plans. The trustees are of the view that given the nature of the business, any impact of Brexit is minimal.

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

### Reference and administrative details

Charity Registration Number: 700520  
Company Registration Number: 2164600

#### Registered Office

23 Carbrook Hall Road  
Sheffield  
S9 2EH

#### Secretary

LM Gavin

### Advisers

#### Solicitor

Hemingways Solicitors Limited  
11 Westbourne Road  
Sheffield  
S10 2QQ

#### Auditor

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

#### Banker

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  
H Best  
L Clarke  
D Grey MBE  
G Moore  
A Pettifer MBE  
R Plews  
P Taylor  
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. Cllr M Iqbal was appointed to the joint Audit Committee on 23 September 2020 and resigned on 19 July 2021. Cllr M Iqbal was also appointed as a director, and resigned as a director, of Sheffield International Venues Limited on these dates respectively.

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 £10,000 (2020: £5,000).

### **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 had one nominee director on the board of Sheffield International Venues Limited until his resignation on 19 July 2021. The council reserves the right to reappoint a director in the future.

### **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 been further impacted by Covid-19, see further information in the Business review above.

Throughout the year it has discussed the general economic climate within the country, particularly with reference to Covid-19, 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, which has been significantly impacted by Covid-19, 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 £6.8m of further funding for the period to 31 March 2024, specifically to enable the charity to carry out essential maintenance required on the properties managed by the charity on behalf of Sheffield City Council which will be drawn down when required and £2.1m revenue funding for the year to 31 March 2022. 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, all of which have been significantly impacted by Covid-19 in the current financial year. 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 charity's success. We recognise that their opinions count towards improving the workplace and the continued performance of the business.

The charity 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 charity 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-2020 to 31-March-2021

	Current Reporting Year 2020-2021	Prior Reporting year 2019-2020
	UK GHG Emission and Energy Data	UK GHG Emission and Energy Data
Energy consumption used to calculate emissions (kWh), all mandatory energy sources are included.	31,222,760	47,407,108
Scope 1: Emissions from the combustion of Natural Gas tCO <sub>2e</sub>	1,864.5	2,877.2
Scope 1: Emissions from combustion of Fuel for transport and heating (Tinsley) tCO <sub>2e</sub>	77.2	81.6
Scope 3: Emissions from business travel in employee owned vehicles, where the company repaid mileage claims tCO <sub>2e</sub> (average vehicle / fuel source unknown)	6.4	3.8
Scope 2: Emissions from purchased Electricity tCO <sub>2e</sub>	2,173.2	4,674.1
Scope 2: Emissions from purchased Heat / Steam from District Heating tCO <sub>2e</sub>	1,113.1	1,286.3
Total gross CO <sub>2e</sub> based on above (tCO <sub>2e</sub> )	5,234.4	8,923.0
Intensity Ratio: kg CO <sub>2e</sub> gross based on mandatory fields above per metre square of Gross Internal Area: (kg CO <sub>2e</sub> m <sup>-2</sup> )	34.9 kg CO <sub>2e</sub> m <sup>-2</sup>	60.3 kg CO <sub>2e</sub> 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>. During the current financial year considerable investment was made in replacing the ice rink chiller at Sheffield Arena and upgrading ventilation systems at Sheffield Arena and Ponds Forge International Sports Centre.

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

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

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

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 / 98.1 tCO<sub>2</sub>e per year (Defra Conversion 2020).

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, a series of gas meter upgrades were carried out, ensuring a continuous flow of reliable gas data.

#### **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 MBE**  
Chairman



23 Carbrook Hall Road  
Sheffield  
S9 2EH  
26 July 2021

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”) for the year ended 31 March 2021 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 and of the Trust’s affairs as at 31 March 2021 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 31 financial years ended 31 March 2021. 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 2020), 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>We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the trustees’ sensitivities over the level of available financial resources indicated by the Group’s financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively.</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> </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>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>• 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 insofar as required.</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 (2020 result: acceptable).</p>

### 3 Our application of materiality

Materiality for the Group financial statements as a whole was set at £315,000 (2020: £335,000), determined with reference to a benchmark of 3 year averaged Group total incoming resources of £34,041,459 (2020: £40,184,000), of which it represents 0.9% (2020: 0.8%).

Materiality for the Trust's financial statements as a whole was set at £144,000 (2020: £170,000) determined with reference to a benchmark of total incoming resources of £19,429,000 (2020: £17,249,000), of which it represents 0.7% (2020: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £236,000 (2020: £250,000) for the Group and £108,000 (2020: £125,000) for the Trust. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

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

### **3 Our application of materiality *(continued)***

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £15,750 (2020: £16,500), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 5 (2020: 5) reporting components, we subjected 5 (2020: 5) to full scope audits for group purposes. These audits covered 100% (2020: 100%) of total Group incoming resources, 100% (2020: 100%) of Group deficit, and 100% (2020: 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 £12,000 to £173,000 (2020: £18,000 to £251,000).

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

### **4 Going concern**

The Trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Trust or to cease its operations, and as they have concluded that the Group and the Trust'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 its 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").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report. Our conclusions based on this work:

- we consider that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate
- we have not identified, and concur with the Trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Trust will continue in operation.

### **5 Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of trustees as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the value of revenue in relation to materiality across the period end. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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

### **5 Fraud and breaches of laws and regulations – ability to detect (continued)**

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

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 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 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. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

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 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 fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

The Trustees are responsible for the other information, which comprises the Trustees' and director's report. 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 the Trustees' and directors' report (including strategic report);
- in our opinion the information given in that report is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006

### **7 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*)**

### **8 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 the 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 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 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).

### **9 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 (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

26 July 2021

**Consolidated statement of financial activities** *(incorporating income & expenditure account)*  
*For the year ended 31 March 2021*

	<i>Note</i>	Unrestricted funds	Restricted Funds – charitable activities	Total funds	Total funds
		2021 £000	2021 £000	2021 £000	2020 £000
<b>Incoming resources</b>					
Income from charitable activities		5,224	-	5,224	30,887
Investment income		5	-	5	7
Income from donations and legacies - Grants receivable		7,274	1,575	8,849	2,462
Income from donations and legacies - Sheffield City Council		11,742	-	11,742	6,828
<b>Total incoming resources</b>		<b>24,245</b>	<b>1,575</b>	<b>25,820</b>	<b>40,184</b>
<b>Resources expended</b>					
Expenditure on raising funds		(8,925)	(918)	(9,843)	(22,519)
Expenditure on charitable activities		(17,773)	(684)	(18,457)	(19,191)
<b>Total resources expended</b>	3	<b>(26,698)</b>	<b>(1,602)</b>	<b>(28,300)</b>	<b>(41,710)</b>
<b>Net outgoing resources before tax</b>	6	<b>(2,453)</b>	<b>(27)</b>	<b>(2,480)</b>	<b>(1,526)</b>
Taxation	9	68	-	68	(352)
<b>Net outgoing resources before other recognised gains and losses</b>		<b>(2,385)</b>	<b>(27)</b>	<b>(2,412)</b>	<b>(1,878)</b>
Actuarial (loss)/gain recognised in the pension scheme	22	(2,530)	-	(2,530)	984
Related tax		19	-	19	(19)
<b>Net loss in the year</b>		<b>(4,896)</b>	<b>(27)</b>	<b>(4,923)</b>	<b>(913)</b>
Fund balances brought forward		(13,614)	30,715	17,101	18,014
<b>Fund balances carried forward</b>	4/5	<b>(18,510)</b>	<b>30,688</b>	<b>12,178</b>	<b>17,101</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 2021*

		Unrestricted funds	Restricted funds – charitable activities	Total funds	Total funds
	<i>Note</i>	2021 £000	2021 £000	2021 £000	2020 £000
<b>Incoming resources</b>					
Income from charitable activities		3,092	-	3,092	10,485
Investment income		5	-	5	7
Income from donations and legacies - Grants receivable		4,380	642	5,022	
Income from donations and legacies - Sheffield City Council		11,742	-	11,742	6,757
<b>Total incoming resources</b>		<u>19,219</u>	<u>642</u>	<u>19,861</u>	<u>17,249</u>
<b>Resources expended</b>					
Expenditure on charitable activities		(18,333)	(684)	(19,017)	(21,350)
Impairment of investment		-	-	-	(8,907)
<b>Total resources expended</b>	3	<u>(18,333)</u>	<u>(684)</u>	<u>(19,017)</u>	<u>(30,257)</u>
<b>Net incoming/(outgoing) resources before tax</b>	6	<u>886</u>	<u>(42)</u>	<u>844</u>	<u>(13,008)</u>
Tax		-	-	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		<u>886</u>	<u>(42)</u>	<u>844</u>	<u>(13,008)</u>
Actuarial (loss)/gain recognised in the pension scheme	22	(2,186)	-	(2,186)	955
<b>Net loss in the year</b>		<u>(1,300)</u>	<u>(42)</u>	<u>(1,342)</u>	<u>(12,053)</u>
Fund balances brought forward		(17,260)	9,972	(7,288)	4,765
<b>Fund balances carried forward</b>	4/5	<u><u>(18,560)</u></u>	<u><u>9,930</u></u>	<u><u>(8,630)</u></u>	<u><u>(7,288)</u></u>

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

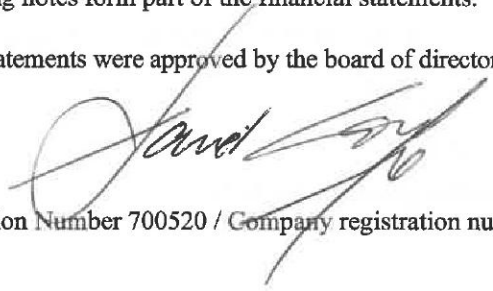
As at 31 March 2021

	Note	2021		2020	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible Assets	11	35		2	
Tangible fixed assets	12	152,636		154,401	
Negative goodwill	10	(6,778)		(6,983)	
			<u>145,893</u>		<u>147,420</u>
<b>Current assets</b>					
Stocks	14	123		150	
Debtors (including debtors due after one year of £32,490,000 (2019: £32,490,000))	15	35,651		34,976	
Cash at bank and in hand		4,147		4,393	
			<u>39,921</u>		<u>39,519</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(29,631)</u>		<u>(29,057)</u>	
<b>Net current assets</b>			<u>10,290</u>		<u>10,462</u>
<b>Total assets less current liabilities</b>			<u>156,183</u>		<u>157,882</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(127,674)</u>		<u>(127,387)</u>
<b>Provisions for liabilities</b>	18		<u>(396)</u>		<u>(405)</u>
<b>Net assets – excluding pension asset and liability</b>			<u>28,113</u>		<u>30,090</u>
<b>Pension liability</b>	22		<u>(15,935)</u>		<u>(13,089)</u>
<b>Pension asset</b>	22		<u>-</u>		<u>100</u>
<b>Net assets – including pension asset and liability</b>			<u>12,178</u>		<u>17,101</u>
<b>Fund balances</b>					
Unrestricted reserves					
Designated reserve	4		512		500
General reserve	4		(3,087)		(1,125)
Pension reserve	4		(15,935)		(12,989)
Net unrestricted funds			<u>(18,510)</u>		<u>(13,614)</u>
Restricted funds	5		<u>30,688</u>		<u>30,715</u>
<b>Total funds</b>			<u>12,178</u>		<u>17,101</u>

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 26 July 2021 and were signed on its behalf by:

**D Grey MBE**  
Chairman



Charity Registration Number 700520 / Company registration number: 2164600

## Company balance sheet

As at 31 March 2021

	Note	2021	2020
		£000	£000
<b>Fixed assets</b>			
Tangible fixed assets	12	125,440	126,140
Intangible assets	11	35	-
		<u>125,475</u>	<u>126,140</u>
<b>Current assets</b>			
Stock	14	9	1
Debtors (including debtors due after one year of £32,490,000 (2019 - £32,490,000))	15	35,495	35,026
Cash at bank and in hand		2,629	1,516
		<u>38,133</u>	<u>36,543</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(28,629)</u>	<u>(29,495)</u>
<b>Net current assets</b>		<u>9,504</u>	<u>7,048</u>
<b>Total assets less current liabilities</b>		<u>134,979</u>	<u>133,188</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(127,674)</u>	<u>(127,387)</u>
<b>Net assets – excluding pension liability</b>		<u>7,305</u>	<u>5,801</u>
<b>Pension liability</b>	22	<u>(15,935)</u>	<u>(13,089)</u>
<b>Net liabilities – including pension liability</b>		<u>(8,630)</u>	<u>(7,288)</u>
<b>Fund balances</b>			
Unrestricted reserves			
Designated reserve	4	512	500
General reserve	4	(3,137)	(4,671)
Pension reserve	4	(15,935)	(13,089)
		<u>(18,560)</u>	<u>(17,260)</u>
Net unrestricted funds		<u>(18,560)</u>	<u>(17,260)</u>
Restricted funds	5	9,930	9,972
		<u>(8,630)</u>	<u>(7,288)</u>
<b>Total funds</b>		<u>(8,630)</u>	<u>(7,288)</u>

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 26 July 2021 and were signed on its behalf by:

**D Grey MBE**  
Chairman

Charity Registration Number 700520 / Company registration number: 2164600



**Consolidated cash flow statement**  
*For year ended 31 March 2021*

	<i>Note</i>	<b>2021</b> <b>£000</b>	2020 £000
<b>Cash flows from operating activities</b>			
Net outgoing resources before other recognised gains or losses		<b>(2,412)</b>	(1,878)
<i>Adjustments for:</i>			
Depreciation and amortisation	<i>10/11/12</i>	<b>3,199</b>	3,257
Interest receivable and similar income		<b>(5)</b>	(7)
Interest payable and similar charges		<b>4,248</b>	5,153
Pension charges in excess of cash contributions		<b>112</b>	299
Tax		<b>(68)</b>	352
Loss/(profit) on disposal		<b>33</b>	(1)
		<hr/>	<hr/>
Increase in trade and other debtors	<i>15</i>	<b>5,107</b>	7,175
Decrease in stocks	<i>14</i>	<b>(597)</b>	(436)
Increase/(decrease) in trade and other creditors		<b>27</b>	135
		<b>97</b>	(147)
		<hr/>	<hr/>
Tax paid		<b>4,634</b>	6,727
		<b>-</b>	(35)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>4,634</b>	6,692
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Acquisition of tangible fixed assets	<i>12</i>	<b>(1,662)</b>	(2,525)
Acquisition of intangible assets	<i>11</i>	<b>(43)</b>	-
Interest received		<b>5</b>	7
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(1,700)</b>	(2,518)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from new loan		<b>15,894</b>	15,076
Interest paid		<b>(3,940)</b>	(7,463)
Repayment of borrowings		<b>(14,709)</b>	(20,552)
Payment of finance lease liabilities		<b>(425)</b>	(590)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>(3,180)</b>	(13,529)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		<b>(246)</b>	(9,355)
Cash and cash equivalents brought forward		<b>4,393</b>	13,748
		<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>		<b>4,147</b>	4,393
		<hr/> <hr/>	<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 2020 to 31 March 2021 (*2020: 1 April 2019 to 31 March 2020*).

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 2021, Sheffield City Trust had net outgoing resources before tax of £2,480,000 and a decrease in cash of £246,000 to £4,147,000. Group net assets of £12,178,000 includes a negative pension reserve of £15,935,000 as at 31 March 2021.

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 2022 at £2.1m revenue and £6.8m further capex related funding to 31 March 2024 which will be drawn down as required. 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 3 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 2021. 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 100% 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 period imposed by the grant agreement associated with the restricted fund, 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 providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the group. The group contributed to a defined benefit pension scheme operated by North Yorkshire Pension Fund until 31 January 2021, when employees were transferred, under the provision of TUPE, to Scarborough Borough Council. 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 Tupton 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 deficit is 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 up until the operation of these venues was transferred to Sheffield City Trust on 30 April 2020 and 31 October 2020. 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 operated a golf course in Derbyshire until 30 April 2020 and entertainment venues in North Yorkshire until 31 January 2021.

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

	2021 £000	2020 £000
Turnover	1,963	16,897
Other operating income	1,515	83
Raw materials and consumables	(95)	(2,374)
Staff costs	(2,297)	(5,908)
Depreciation	(871)	(744)
Other operating charges	(3,480)	(8,181)
	(3,265)	(227)
<b>Operating loss</b>	<b>(3,265)</b>	<b>(227)</b>
Net interest payable	(26)	(61)
	(3,291)	(288)
<b>Loss on ordinary activities before taxation</b>	<b>(3,291)</b>	<b>(288)</b>
Tax on loss on ordinary activities	-	(354)
	(3,291)	(642)
<b>Loss retained in the subsidiary</b>	<b>(3,291)</b>	<b>(642)</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.

	2021 £000	2020 £000
The assets and liabilities of the subsidiary were:		
Tangible fixed assets	3,020	2,934
Current assets	11,025	11,715
Creditors: amounts falling due within one year	(12,610)	(9,964)
Provisions for liabilities	(395)	(354)
	1,040	4,331
<b>Net assets</b>	<b>1,040</b>	<b>4,331</b>

#### Statement of other comprehensive income

	2021 £000	2020 £000
Loss for the financial period	(3,291)	(642)
Capital contribution	-	8,907
	(3,291)	8,265
<b>Total comprehensive (expense)/income for the financial year</b>	<b>(3,291)</b>	<b>8,265</b>

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

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

#### 7 Hills Leisure Trust

	Unrestricted funds - General 2021 £000	Total funds 2021 £000	Total funds 2020 £000
<b>Incoming resources</b>			
Income from charitable activities	35	35	569
Income from donations and legacies - grants receivable	12	12	2,391
	<hr/>	<hr/>	<hr/>
<b>Total incoming resources</b>	<b>47</b>	<b>47</b>	<b>2,960</b>
	<hr/>	<hr/>	<hr/>
<b>Resources expended</b>			
Expenditure on charitable activities	(122)	(122)	(685)
	<hr/>	<hr/>	<hr/>
<b>Total resources expended</b>	<b>(122)</b>	<b>(122)</b>	<b>(685)</b>
	<hr/>	<hr/>	<hr/>
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>	<b>(75)</b>	<b>(75)</b>	<b>2,275</b>
	<hr/>	<hr/>	<hr/>
<b>Net movements in the year</b>	<b>(75)</b>	<b>(75)</b>	<b>2,275</b>
Fund balances at 1 April 2020	489	489	(1,786)
	<hr/>	<hr/>	<hr/>
<b>Fund balances carried forward</b>	<b>414</b>	<b>414</b>	<b>489</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The directors reviewed the funding arrangements for 7 Hills Leisure Trust and its budgets and believed that it would 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. The assets and liabilities of Westfield Sports Centre and Sinfin golf course were transferred to Sheffield City Trust on 1 November 2020 and 1 May 2020 respectively. 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.

	2021 £000	2020 £000
The assets and liabilities of the subsidiary were:		
Tangible and intangible fixed assets	-	5
Current assets	2,187	1,903
Creditors: amounts falling due within one year	(1,773)	(1,419)
	<hr/>	<hr/>
<b>Net assets</b>	<b>414</b>	<b>489</b>
	<hr/> <hr/>	<hr/> <hr/>

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

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

#### Phoenix Sports Limited

	2021 £000	2020 £000
<b>Income</b>		
Lottery grant released	433	433
Yorkshire Forward grant released	14	14
Lifecycle fund	93	53
Grant income	71	44
Rental income	-	(460)
Other income	91	92
	702	176
<b>Expenditure</b>		
Management contract	-	460
Building Maintenance	(40)	-
Depreciation	(658)	(631)
	4	5
<b>Operating profit</b>	4	5
<b>Profit on ordinary activities before tax</b>	4	5
Tax on profit on ordinary activities	35	-
	39	5
<b>Profit retained in the subsidiary</b>	39	5

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.

	2021 £000	2020 £000
The assets and liabilities of the subsidiary were:		
Tangible fixed assets	17,399	18,057
Current assets	2,520	3,075
Creditors: amounts falling due within one year	-	(641)
Deferred income: amounts falling due within one year	(571)	(611)
Deferred income: amounts falling due after more than one year	(19,453)	(20,024)
	(105)	(144)
<b>Net liabilities</b>	(105)	(144)

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

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

#### SIV Enterprises Limited

	2021 £000	2020 £000
Turnover	123	3,093
Other operating income	1,575	590
Raw materials and consumables	(46)	(775)
Staff costs	(632)	(1,741)
Depreciation	(20)	(56)
Other operating charges	(884)	(1,433)
<b>Operating loss</b>	<b>116</b>	<b>(322)</b>
Other finance income	3	2
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>119</b>	<b>(320)</b>
Tax on profit/(loss) on ordinary activities	32	2
<b>Profit/(loss) retained in the subsidiary</b>	<b>151</b>	<b>(318)</b>

The operation of Tapton Golf course was transferred to Sheffield City Trust on 1 May 2020 and the assets and liabilities were transferred at their net book value on this date. The operation of Scarborough Spa, Whitby Pavilion and Peasholm Park Café was transferred to Scarborough Borough Council on 1 February 2021 following termination of the contract.

	2021 £000	2020 £000
The assets and liabilities of the subsidiary were:		
Tangible fixed assets	-	285
Current assets	1,815	1,345
Creditors: amounts falling due within one year	(3,556)	(3,246)
Provision for liabilities	-	(51)
Pension asset	-	100
<b>Net liabilities</b>	<b>(1,741)</b>	<b>(1,567)</b>

#### Statement of other comprehensive income

	2021 £000	2020 £000
Loss for the financial period	151	(318)
Actuarial (loss)/gain recognised in the pension scheme	(344)	29
Tax on actuarial (loss)/gain	19	(19)
<b>Total comprehensive expense for the financial period</b>	<b>(174)</b>	<b>(308)</b>

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

### 3 Resources expended

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
<i>Unrestricted funds</i>				
<i>Expenditure on raising funds</i>				
Ground rent	26	123	-	-
Other finance income – including pension	(3)	(2)	-	-
Overheads including staff costs, depreciation and finance lease interest	8,902	21,855	-	-
	<u>8,925</u>	<u>21,976</u>	<u>-</u>	<u>-</u>
<i>Expenditure on charitable activities</i>				
Ground rent	80	105	80	105
Interest on loans	84	58	84	58
Interest payable on bonds	3,803	4,676	3,803	4,676
Other finance costs – including pension	319	337	319	337
Overheads including staff costs, depreciation and finance lease interest	13,487	13,421	14,047	13,226
Impairment of investment	-	-	-	8,907
Donations to subsidiary in respect of pension deficit	-	-	-	2,354
	<u>17,773</u>	<u>18,597</u>	<u>18,333</u>	<u>29,663</u>
<b>Total unrestricted resources expended</b>	<u><u>26,698</u></u>	<u><u>40,573</u></u>	<u><u>18,333</u></u>	<u><u>29,663</u></u>
<i>Restricted funds</i>				
<i>Expenditure on raising funds</i>				
Overheads	194	32	-	-
Depreciation	724	511	-	-
	<u>918</u>	<u>543</u>	<u>-</u>	<u>-</u>
<i>Expenditure on charitable activities</i>				
Overheads	219	40	219	40
Depreciation	465	554	465	554
	<u>684</u>	<u>594</u>	<u>684</u>	<u>594</u>
<b>Total restricted resources expended</b>	<u><u>1,602</u></u>	<u><u>1,137</u></u>	<u><u>684</u></u>	<u><u>594</u></u>

## Notes to the financial statements (continued)

### 4 Unrestricted funds

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

Group	At beginning of year £000	Income £000	Utilised £000	Movement in pension deficit £000	At end of year £000
<b>Designated funds</b>					
Direct support of other charitable activities in Sheffield	492	91	(78)	-	505
Health fund	8	-	(1)	-	7
<b>General funds</b>					
Retained deficit	(1,125)	24,154	(26,116)	-	(3,087)
Pension reserve	(12,989)	-	(416)	(2,530)	(15,935)
	<u>(13,614)</u>	<u>24,245</u>	<u>(26,611)</u>	<u>(2,530)</u>	<u>(18,510)</u>
<b>Company</b>					
<b>Designated funds</b>					
Direct support of other charitable activities in Sheffield	492	91	(78)	-	505
Health fund	8	-	(1)	-	7
<b>General funds</b>					
Retained deficit	(4,671)	19,128	(17,594)	-	(3,137)
Pension reserve	(13,089)	-	(660)	(2,186)	(15,935)
	<u>(17,260)</u>	<u>19,219</u>	<u>(18,333)</u>	<u>(2,186)</u>	<u>(18,560)</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.

Included within unrestricted funds is grant income of £4,334,000 received in respect of the governments Coronavirus Job Retention scheme.

### 5 Restricted funds

Group	At beginning of year £000	Incoming Resources £000	Utilised £000	At end of year £000
iceSheffield capital grant	6,132	-	(187)	5,945
Sheffield City Hall renovation grant	3,367	-	(190)	3,177
EISS grant	19,204	-	(540)	18,664
NCSEM at Concord Sports Centre	398	-	(79)	319
Essential maintenance grant	369	1,575	(563)	1,381
EISS Sport hall grant	1,221	-	(39)	1,182
Other grants	24	-	(4)	20
	<u>30,715</u>	<u>1,575</u>	<u>(1,602)</u>	<u>30,688</u>
<b>Company</b>				
iceSheffield capital grant	6,132	-	(187)	5,945
Sheffield City Hall renovation grant	3,367	-	(190)	3,177
NCSEM at Concord Sports Centre	398	-	(79)	319
Essential maintenance grant	27	642	(225)	444
EISS Sports hall grant	48	-	(3)	45
	<u>9,972</u>	<u>642</u>	<u>(684)</u>	<u>9,930</u>

## Notes to the financial statements (continued)

### 5 Restricted funds (continued)

The restricted funds of £5,945,000 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 £3,177,000 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 £18,664,000 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 £319,000 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 £1,381,000 in respect of essential maintenance represents funds received from Sheffield City Council to aid essential maintenance work on the various properties, which are owned 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 £1,182,000 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	
	2021 £000	2020 £000	2021 £000	2020 £000
Auditor's remuneration - Audit of these financial statements	100	100	45	40
Depreciation of owned assets	3,054	3,017	1,300	1,412
Depreciation of assets held under finance leases	340	444	340	413
Hire of assets under operating leases - other assets	181	225	167	142
Amortisation of negative goodwill	(205)	(205)	-	-
Impairment of trade receivables	22	31	12	1
Inventory recognised as an expense	72	2,678	-	1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 7 Remuneration of trustees

No emoluments were paid to any of the trustees during the year (2020: £nil).

A total of £nil (2020: £41) 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	
	2021 Number	2020 Number	2021 Number	2020 Number
Leisure	323	485	315	473
Maintenance	167	270	151	231
Administration	133	176	127	166
Catering	167	329	143	260
	790	1,260	736	1,130

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	
	2021 £000	2020 £000	2021 £000	2020 £000
Wages and salaries	10,112	15,502	9,514	12,688
Social security costs	662	847	624	778
Other pension costs	1,402	1,212	1,578	1,365
Redundancy costs	863	-	708	-
	13,039	17,561	12,424	14,831

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 £241,000 in respect of the North Yorkshire Pension Scheme (2020: £210,000 credit 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:

	2021	2020
£60,001 - £70,000	4	2
£70,001 - £80,000	1	1
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1

The group made contributions of £127,079 (2020: £27,856) to defined benefit schemes in respect of these employees. This figure includes a one-off pension contribution of £81,487 in respect of redundancy.

The number of individuals included in the 60,001 to £70,000 category above would be 2 if redundancy payments were excluded from total emoluments.

## Notes to the financial statements (continued)

### 9 Tax

<i>Analysis of charge in year</i>	<b>2021</b>	<b>Group</b>	<b>2020</b>
	<b>£000</b>		<b>£000</b>
<b>Current tax</b>			
Adjustments in respect of prior periods	<b>(76)</b>		-
<b>Total current tax charge for the year</b>	<b>(76)</b>		-
<b>Deferred tax</b>			
Origination and reversal of timing differences	<b>8</b>		318
Impact of change in tax rate	-		34
<b>Total tax charge for the year</b>	<b>(68)</b>		352

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

The current tax charge for the period is higher (2020: higher) than the standard rate of corporation tax in the United Kingdom, which, for the period ended 31 March 2021, was 19% (2020: 19%). The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Net outgoing resources before tax	<b>(2,480)</b>	(1,526)
Current tax at 19% (2020: 19%)	<b>(471)</b>	(290)
Non deductible and non taxable items	<b>(121)</b>	302
Adjustments relating to prior periods	<b>(76)</b>	-
Utilised losses	-	(40)
Pension scheme adjustments	<b>(86)</b>	(32)
Short term timing differences	-	13
Deferred tax not recognised	<b>536</b>	278
Re-measurement of deferred tax – change in UK tax rate	-	34
Depreciation in excess of capital allowances	<b>150</b>	-
Tax losses	-	87
<b>Total tax charge for the year</b>	<b>(68)</b>	352

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

In the Budget on 11 March 2021, the chancellor announced that the main rate of corporation tax will increase to 25% from 1 April 2023, applying to profits over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so they continue to pay at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. At the reporting date, the bill had yet to be substantively enacted and, as such, deferred tax balances have not been remeasured

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

### 10 Negative goodwill

	<b>£000</b>
<i>Cost</i>	
At beginning and end of year	(8,741)
	<hr/>
<i>Impairment losses/amortisation</i>	
At beginning of year	1,758
Charge for year	205
	<hr/>
At end of year	1,963
	<hr/>
<i>Carrying amount</i>	
At end of year	<b>(6,778)</b>
	<hr/> <hr/>
At beginning of year	(6,983)
	<hr/> <hr/>

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 Group

	<b>Total £000</b>
<i>Cost</i>	
At beginning of year	4
Additions	43
	<hr/>
At end of year	47
	<hr/>
<i>Amortisation</i>	
At beginning of year	2
Charge for year	10
	<hr/>
At end of year	12
	<hr/>
<i>Closing net book amount</i>	
At end of year	<b>35</b>
	<hr/> <hr/>
At beginning of year	2
	<hr/> <hr/>

## Notes to the financial statements (continued)

### 11 Intangible assets (continued) Company

	<b>Total £000</b>
<b>Cost</b>	
At beginning of year	-
Group transfers/Additions	2
Additions	43
	45
At end of year	45
<b>Amortisation</b>	
At beginning of year	-
Charge for year	10
	10
At end of year	10
<b>Closing net book amount</b>	
At end of year	35
At beginning of year	-

### 12 Tangible fixed assets

	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	173,740	23,495	613	198,316
Additions	-	-	7	1,709	1,716
Disposals	-	-	(233)	(11)	(244)
Transfers	-	-	2,006	(2,049)	(43)
	468	173,740	25,275	262	199,745
At end of year	468	173,740	25,275	262	199,745
<b>Depreciation</b>					
At beginning of year	-	28,864	15,051	-	43,915
Charge for year	-	1,292	2,102	-	3,394
Disposals	-	-	(200)	-	(200)
	-	30,156	16,953	-	47,109
At end of year	-	30,156	16,953	-	47,109
<b>Net book value</b>					
At end of year	468	143,584	8,322	262	152,636
At beginning of year	468	144,876	8,444	613	154,401

Within leasehold land and buildings there are assets with a book value of £108,000,000 (2020: £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.

Included within freehold land is land with a net book value of £180,000 which is held for sale. At 31 March 2021 the charity had exchanged contracts in respect of the sale. The sale completed on 5 July 2021.

## 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	141,439	8,554	161	150,622
Additions	-	-	7	625	632
Disposals	-	-	(40)	-	(40)
Transfers	-	-	555	(598)	(43)
Group Transfers	-	-	351	-	351
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	468	141,439	9,427	188	151,522
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At beginning of year	-	19,936	4,546	-	24,482
Charge for year	-	601	1,039	-	1,640
Disposals	-	-	(40)	-	(40)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	20,537	5,545	-	26,082
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At end of year	<b>468</b>	<b>120,902</b>	<b>3,882</b>	<b>188</b>	<b>125,440</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At beginning of year	468	121,503	4,008	161	126,140
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Within leasehold land and buildings there are assets with a book value of £108,000,000 (2020: £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.

Included within freehold land is land with a net book value of £180,000 which is held for sale. At 31 March 2021 the charity had exchanged contracts in respect of the sale. The sale completed on 5 July 2021.

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>2021</b>		
Net book value	<b>1,013</b>	<b>1,013</b>
	<hr/>	<hr/>
Depreciation	<b>340</b>	<b>340</b>
	<hr/>	<hr/>
<b>2020</b>		
Net book value	1,353	1,353
	<hr/>	<hr/>
Depreciation	444	413
	<hr/>	<hr/>

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

### 13 Investments - Company

	<b>Investment in subsidiary £000</b>
Net book value at beginning and end of year	-
	-

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 fully impaired in 2020 and no indicators exist to suggest that this impairment be reversed.

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><b>Subsidiary undertakings</b></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, Phoenix Sports Limited, 7 Hills Leisure Trust and 7 Hills Commercial Limited is 23 Carbrook Hall Road, Sheffield, S9 2EH.

### 14 Stocks

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Goods for resale	123	150	9	1
	<u>123</u>	<u>150</u>	<u>9</u>	<u>1</u>

### 15 Debtors

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade debtors	1,480	676	891	224
Other debtors	26	103	3	83
Prepayments and accrued income	34,067	34,197	33,109	33,627
Amounts owed by group undertakings	-	-	1,492	1,092
Corporation tax	78	-	-	-
	<u>35,651</u>	<u>34,976</u>	<u>35,495</u>	<u>35,026</u>

Prepayments and accrued income includes £32,490,000 (2020: £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	
	2021 £000	2020 £000	2021 £000	2020 £000
Bank loans (see note 17)	82	68	82	68
Other loans	1,171	1,525	1,171	1,525
Obligations under finance leases (see note 17)	308	420	308	420
Bonds	15,570	14,641	15,570	14,641
Trade creditors	1,134	2,453	680	866
Other creditors including taxation and social security	8,999	7,704	431	1,283
Accruals and deferred income	2,367	2,246	1,161	1,098
Amounts owed to group undertakings	-	-	9,226	9,594
	<u>29,631</u>	<u>29,057</u>	<u>28,629</u>	<u>29,495</u>

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	
	2021 £000	2020 £000	2021 £000	2020 £000
Bank Loans	219	248	219	248
Other loans	2,342	787	2,342	787
Obligations under finance leases	270	584	270	584
Bonds	34,155	49,721	34,155	49,721
Sheffield City Council	90,688	76,047	90,688	76,047
	<u>127,674</u>	<u>127,387</u>	<u>127,674</u>	<u>127,387</u>

The charity has three bank loans to fund the purchase of fixed assets at a rate of 4.62%, 4.5% and 4.5%, with an outstanding balance of £2,000, £4,000 and £242,000 respectively, at the year end. During the year the charity took on a further bank loan to fund fixed assets at a rate of 3.87% with an outstanding balance at the year end of £53,000.

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% above the Bank of England's base rate.

In 2020, the charity received a five year 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. During the current year the charity received a further 4 year loan of £1,200,000 from Sheffield City Council to assist with cashflow at an interest rate of 2% above the Bank of England's base rate.

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 £55,661,000 (2020: £72,045,000); 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	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	1,253	1,593	1,253	1,593
In the second to fifth years	2,561	1,035	2,561	1,035
	<u>3,814</u>	<u>2,628</u>	<u>3,814</u>	<u>2,628</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.

The maturities of the bonds are as follows:	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	15,570	14,641	15,570	14,641
In the second to fifth years	34,155	49,721	34,155	49,721
	<u>49,725</u>	<u>64,362</u>	<u>49,725</u>	<u>64,362</u>

The maturities of obligations under the leases are as follows:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Within one year	308	420	308	420
In the second to fifth years	270	584	270	584
	<u>578</u>	<u>1,004</u>	<u>578</u>	<u>1,004</u>

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

### 18 Deferred tax

	Accelerated tax depreciation £000	Other timing differences £000	2021 Total £000	2020 Total £000
At 1 April 2019	312	(1,725)	(1,413)	(960)
Movement in year	74	1,476	1,550	(453)
At 31 March 2020 & 1 April 2020	386	(249)	137	(1,413)
Movement in year	10	(598)	(588)	1,550
<b>At 31 March 2021</b>	<b>396</b>	<b>(847)</b>	<b>(451)</b>	<b>137</b>
Recognised	396	-	396	405
Unrecognised	-	(847)	(847)	(268)
	<b>396</b>	<b>(847)</b>	<b>(451)</b>	<b>137</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	121,948	30,688	152,636
Intangible Assets	35	-	35
Net current assets	10,290	-	10,290
Liabilities falling due after more than one year	(127,674)	-	(127,674)
Provisions for liabilities	(396)	-	(396)
Pension liability (note 22)	(15,935)	-	(15,935)
Negative goodwill	(6,778)	-	(6,778)
<b>Net assets as at 31 March 2021</b>	<b>(18,510)</b>	<b>30,688</b>	<b>12,178</b>
Net assets as at 31 March 2020	(13,614)	30,715	17,101

### 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 £503.5 million (2020: £491.8 million) for the group and £390.1 million (2020: £378.4 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	
	2021 £000	2020 £000	2021 £000	2020 £000
Operating leases which expire:				
Within one year	142	195	142	113
In the second to fifth years inclusive	361	455	361	173
More than five years	559	625	559	-
	1,062	1,275	1,062	286
	1,062	1,275	1,062	286

### 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 £214,000 (2020: £269,000).

Contributions amounting to £22,000 (2020: £38,000) 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. During the year the group also contributed to the North Yorkshire Pension Fund, however, on 31 January 2021 all members of the North Yorkshire pension Fund transferred, under the provision of TUPE, to Scarborough Borough Council and contributions ceased from this date. 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 2021 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.

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.

	2021				2020			
	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	-	(64,464)	-	(64,464)	-	(53,737)	(2,325)	(56,062)
Fair value of plan assets	-	48,570	-	48,570	-	40,688	2,425	43,113
	-	(15,894)	-	(15,894)	-	(13,049)	100	(12,949)
Present value of unfunded defined benefit obligations	-	(41)	-	(41)	-	(40)	-	(40)
<b>Net (liability)/asset</b>	-	(15,935)	-	(15,935)	-	(13,089)	100	(12,989)
	-	(15,935)	-	(15,935)	-	(13,089)	100	(12,989)

## Notes to the financial statements (continued)

### 22 Pension scheme (continued)

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

	2021				2020			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
At beginning of year	-	53,777	2,325	56,102	1,404	56,630	2,372	60,406
Current service cost	-	828	41	869	-	996	68	1,064
Interest cost	-	1,284	44	1,328	-	1,406	58	1,464
Curtailement	-	230	8	238	-	-	-	-
Actuarial losses/(gains)	-	9,072	925	9,997	-	(4,498)	(78)	(4,576)
Past service cost	-	-	-	-	-	97	-	97
Contributions by members	-	169	7	176	-	193	12	205
Benefits paid	-	(855)	(46)	(901)	-	(1,047)	(107)	(1,154)
Settlements	-	-	(3,304)	(3,304)	(1,404)	-	-	(1,404)
<b>At end of year</b>	<b>-</b>	<b>64,505</b>	<b>-</b>	<b>64,505</b>	<b>-</b>	<b>53,777</b>	<b>2,325</b>	<b>56,102</b>

#### Movements in fair value of plan assets

	2021				2020			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
At beginning of year	-	40,688	2,425	43,113	1,194	43,435	2,422	47,051
Expected return on plan assets	-	977	47	1,024	-	1,082	60	1,142
Actuarial gains/(losses)	-	6,886	581	7,467	-	(3,543)	(49)	(3,592)
Administration expenses	-	(12)	-	(12)	-	(14)	-	(14)
Contributions by employer	-	717	61	778	-	582	87	669
Contributions by members	-	169	7	176	-	193	12	205
Benefits paid	-	(855)	(46)	(901)	-	(1,047)	(107)	(1,154)
Settlements	-	-	(3,075)	(3,075)	(1,194)	-	-	(1,194)
<b>At end of year</b>	<b>-</b>	<b>48,570</b>	<b>-</b>	<b>48,570</b>	<b>-</b>	<b>40,688</b>	<b>2,425</b>	<b>43,113</b>

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

	2021				2020			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
Current service cost	-	828	41	869	-	996	68	1,064
Past service cost	-	-	-	-	-	97	-	97
Effect of curtailments	-	230	8	238	-	-	-	-
Liabilities extinguished on settlement	-	-	(3,304)	(3,304)	(1,404)	-	-	(1,404)
Assets distributed on settlement	-	-	3,075	3,075	1,194	-	-	1,194
Administration expenses	-	12	-	12	-	14	-	14
Interest on defined benefit pension plan obligation	-	1,284	44	1,328	-	1,405	58	1,463
Expected return on defined benefit pension plan assets	-	(977)	(47)	(1,024)	-	(1,082)	(60)	(1,142)
<b>Total</b>	<b>-</b>	<b>1,377</b>	<b>(183)</b>	<b>1,194</b>	<b>(210)</b>	<b>1,430</b>	<b>66</b>	<b>1,286</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:

	2021				2020			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
Staff costs	-	1,070	(180)	890	(210)	1,107	68	965
Other finance (income)/costs	-	307	(3)	304	-	323	(2)	321
<b>Total</b>	<b>-</b>	<b>1,377</b>	<b>(183)</b>	<b>1,194</b>	<b>(210)</b>	<b>1,430</b>	<b>66</b>	<b>1,286</b>

The total amount recognised in the statement of financial activities in respect of actuarial losses is £2,530,000 (2020: £984,000 gain).

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

	2021				2020			
	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000	Derbyshire £000	South Yorkshire £000	North Yorkshire £000	Total £000
Equities	-	23,847	-	23,847	-	21,035	1,419	22,454
Government debt	-	6,557	-	6,557	-	5,493	463	5,956
Corporate bonds	-	3,983	-	3,983	-	2,970	-	2,970
Property	-	4,420	-	4,420	-	3,662	177	3,839
Other	-	9,763	-	9,763	-	7,528	366	7,894
<b>Total</b>	<b>-</b>	<b>48,570</b>	<b>-</b>	<b>48,570</b>	<b>-</b>	<b>40,688</b>	<b>2,425</b>	<b>43,113</b>
<b>Actual return on plan assets</b>	<b>-</b>	<b>7,862</b>	<b>628</b>	<b>8,490</b>	<b>-</b>	<b>(1,287)</b>	<b>11</b>	<b>(1,276)</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	2021 %	2020 %
Discount rate	2.1	2.4
Expected rate of return on plan assets	2.1	2.7
Rate of increase in salaries	4.0	3.4
Rate of inflation	2.7	2.1
Rate of increase in pensions	2.8	2.2

In valuing the liabilities of the pension fund at £64,505,000 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: 22.5 years (male), 25.3 years (female)
- Future retiree upon reaching 65: 24.0 years (male), 27.2 years (female)

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

### 22 Pension schemes *(continued)*

North Yorkshire pension scheme	31 January 2021 %	31 March 2020 %
Discount rate	1.6	2.3
Expected rate of return on plan assets	-	2.5
Rate of increase in salaries	3.4	3.2
Rate of inflation	2.1	1.9
Rate of increase in pensions	2.1	1.9

In valuing the liabilities of the pension fund at £nil mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at 31 January 2021 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: 21.9 years (male), 24.0 years (female)
- Future retiree upon reaching 65: 23.6 years (male), 25.8 years (female)

#### History of plans

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

##### *Balance sheet*

South Yorkshire pension scheme	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Present value of scheme liabilities	(64,464)	(53,737)	(56,576)	(51,700)	(53,562)	(40,961)
Fair value of scheme assets	48,570	40,688	43,435	41,748	40,355	32,699
Present value of unfunded defined benefit obligations	(41)	(40)	(54)	(55)	(59)	(63)
<b>Deficit</b>	<b>(15,935)</b>	<b>(13,089)</b>	<b>(13,195)</b>	<b>(10,007)</b>	<b>(13,266)</b>	<b>(8,325)</b>

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

### 22 Pension schemes *(continued)*

#### *Experience adjustments*

	2021 %	2020 %	2019 %	2018 %	2017 %	2016 %
Experience losses/(gains) on scheme liabilities as a percentage of scheme liabilities	14.1	(8.4)	6.1	(7.1)	19.4	(7.4)
Experience gains/(losses) on scheme assets as a percentage of scheme assets	14.2	(8.7)	3.0	1.5	15.5	(2.5)

#### *Balance sheet*

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

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Present value of scheme liabilities	-	(2,325)	(2,372)	(2,212)	(2,046)	(1,547)
Fair value of scheme assets	-	2,425	2,422	2,161	1,930	1,506
<b>Surplus/(deficit)</b>	-	100	50	(51)	(116)	(41)

#### *Experience adjustments*

	2021 %	2020 %	2019 %	2018 %	2017 %	2016 %
Experience (gains)/losses on scheme liabilities as a percentage of scheme liabilities	-	(3.4)	0.6	0.2	17.4	(7.5)
Experience (losses)/gains on scheme assets as a percentage of scheme assets	-	(2.0)	5.5	4.8	16.2	(3.3)

The group expects to contribute approximately £446,000 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 £201,000 (2020: £245,000). Contributions amounting to £22,000 (2020: £38,000) 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 2021 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.

	2021 £000	2020 £000
Present value of funded defined benefit obligations	(64,505)	(53,777)
Fair value of plan assets	48,570	40,688
<b>Net liability</b>	<b>(15,935)</b>	<b>(13,089)</b>

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

	2021 £000	2020 £000
At beginning of year	53,777	15,174
Current service cost	828	996
Interest cost	1,284	1,405
Curtailment	230	-
Actuarial losses/(gains)	9,072	(4,498)
Past service cost	-	97
Contributions by members	169	193
Benefits paid	(855)	(1,047)
Business combinations	-	41,457
<b>At end of year</b>	<b>64,505</b>	<b>53,777</b>

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

	2021 £000	2020 £000
At beginning of period	40,688	13,240
Expected return on plan assets	977	1,082
Actuarial gains/(losses)	6,886	(3,543)
Administration expenses	(12)	(14)
Contributions by employer	717	582
Contributions by members	169	193
Benefits paid	(855)	(1,047)
Business combinations	-	30,195
<b>At end of year</b>	<b>48,570</b>	<b>40,688</b>

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

### 22 Pension schemes *(continued)*

*Expense recognised in the statement of financial activities*

	2021 £000	2020 £000
Current service cost	828	996
Past service cost	-	97
Effect of curtailments	230	-
Interest on defined benefit pension plan obligation	1,284	1,405
Expected return on defined benefit pension plan assets	(977)	(1,082)
Administration expenses	12	14
	<hr/>	<hr/>
<b>Total</b>	<b>1,377</b>	<b>1,430</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2021 £000	2020 £000
Staff costs	1,070	1,107
Other finance income	307	323
	<hr/>	<hr/>
<b>Total</b>	<b>1,377</b>	<b>1,430</b>
	<hr/> <hr/>	<hr/> <hr/>

The total company amount recognised in the statement of financial activities in respect of actuarial loss is £2,186,000 (2020: £955,000 gain).

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

	2021 Fair value £000	2020 Fair value £000
Equities	23,847	21,035
Government debt	6,557	5,493
Corporate bonds	3,983	2,970
Property	4,420	3,662
Other	9,763	7,528
	<hr/>	<hr/>
<b>Total</b>	<b>48,570</b>	<b>40,688</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Actual return on plan assets</b>	<b>7,862</b>	<b>(1,287)</b>
	<hr/> <hr/>	<hr/> <hr/>

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)*

#### Sheffield City Trust

#### South Yorkshire pension scheme

Change in assumption at 31 March 2021:	Approximate % increase/(decrease) to the defined benefit obligation	Approximate monetary amount (£'000)
0.1% increase in discount rate	(1.9%)	(1,219)
0.1% increase in inflation	1.9%	1,243
0.1% increase in pay growth	0.2%	129
1 year increase in life expectancy	2.6%	1,899

#### *RPI and CPI inflation*

CPI has been derived by deducting a margin from the market-implied RPI to, in part, allow for supply/demand distortions in the investment markets and in part because CPI is currently a lower measure of inflation. In 2020, it was announced that RPI will be aligned with CPIH from 2030 onwards. Because CPIH construction generally gives lower inflation figures than RPI, this means RPI inflation will be lower from 2030.

Factoring this in has resulted in a CPI assumption that is 0.1% lower than it would be under previous methodology (relative to the market implied RPI). The impact of this has been to reduce the pension scheme liabilities by £1,243,000 relative to the prior year methodology.

#### *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 participated in two defined benefit pension schemes during the year operated by the South Yorkshire Pension Authority and the North Yorkshire Pension Authority (“Administering Authorities”) during the year 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 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 May 2020 the subsidiary operations of Sinfin Golf Course and Tapton Park Golf Course were transferred to Sheffield City Trust, the ultimate controlling party from 7 Hills Leisure Trust and SIV Enterprises Limited respectively. 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:

	<b>£000</b>
Fixed assets	233
Intangible assets	2
Stock	1
Debtors	24
Cash – clearing accounts	1
Creditors: Amount falling due in less than one year	(86)
	175
<b>Net Assets</b>	<b>175</b>

On 1 November 2020 the subsidiary operations of Westfield Sports Centre were transferred to Sheffield City Trust, the ultimate controlling party from 7 Hills Leisure Trust. On this date, the assets and liabilities in respect of this venue were also transferred to Sheffield City Trust at their net book value. The assets and liabilities transferred were as follows:

	<b>£000</b>
Debtors	8
Cash – clearing accounts	1
Creditors: Amount falling due in less than one year	(15)
	(6)
<b>Net Assets</b>	<b>(6)</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.

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

### 24 Related party transactions

#### *Directors and key management*

Remuneration amounting to £636,000 (2020: £587,000) was paid to directors and other key management during the year. In addition, the charity made contributions of £166,000 (2020: £71,000) to defined benefit schemes in respect of the directors and other key management. The remuneration includes gross redundancy payments amounting to £54,000 and additional payments to the defined benefit pension scheme of £81,000 due to redundancy.

#### *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 £3,798,000 (2020: £4,676,000) related to the interest due on the bond.
- The council advanced £7,853,000 (2020: £2,067,000) to the group under the above agreements, to cover costs incurred by the group.
- The council advanced £91,000 (2020: £88,000) to the charity towards its charitable activities in the community.
- The charity owes the council £nil (2020: £nil) in line with the terms of the funding agreement.
- The charity owes the council £90,688,000 (2020: £76,047,000) with regards to payments made by the council on behalf of the charity with regards to the charity’s bond liability.
- The council advanced £nil (2020: £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 £1,575,000 (2020: £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 £47,000 (2020: £210,000) with amounts owed to the charity of £15,000 (2020: £20,000) 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 £32,000 (2020: £86,000) with amounts owed by the charity of £11,000 (2020: £11,000) 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.

