

Sheffield City Trust

Annual report and consolidated
financial statements

Registered number 2164600

Charity Registration Number 700520

Year ended 31 March 2022

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Trustees' and directors' report (including strategic report)

The trustees, who act as directors for the purpose of company law, are pleased to present their report and financial statements for the year ended 31 March 2022.

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 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
- Springs Leisure Centre
- Tapton Park Golf Course
- Tinsley Park Golf Course
- Westfield Sports Centre

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

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

Sheffield International Venues Limited also acts as principal for all commercial activity within the above venues.

Any profits made by Sheffield International Venues Limited, where the company has sufficient distributable reserves, are 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.

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

Activities (continued)

Beginning in March 2021, England began lifting restrictions associated with the Covid-19 lockdown (roadmap), with a phased removal of all legal limits on social contact. As a trust, we aligned our activities to this roadmap. Although we have seen customers return there remains caution in many activities for example Gym use, Group Exercise and Events. However, Aquatics and Ice activities have seen a really positive take up by individuals and families, and our learn to swim/skate programmes have also been very popular. A significant loss has been Gala dinners as companies did not want large employee celebrations during the winter, given continuing Covid uncertainty. Shortages in supplies, the so called 'Pingdemic' and the challenges we face with recruitment and more recently the impact of Inflation (Cost of Living) have required a responsive, adaptive and flexible approach over the past 12 months.

As a trust we have recognised the wide impact that Covid-19 has had on society and the communities that we serve. Prior to the start of the financial year, we implemented concessionary rates on all activities to try to alleviate the financial burden to an identified audience that typically would welcome this discount. The 40% discount is applied to all activities and has seen a very good uptake, specifically from families of children on free school meals.

The English Institute of Sport – Sheffield continues to be the home for GB Boxing, GB Para Badminton, GB Para Table Tennis and GB Goalball along with Sheffield Hallam University's Sport and Physical Activity academic learning. At Ponds Forge International Sports Centre, the professional basketball team, the Sheffield Sharks extended their training and Basketball League fixtures whilst they wait for their home court to be finalised. Ponds Forge was also able to host the British Swimming Championships. The Utilita Arena is the home of the Elite Ice Hockey League team, the Sheffield Steelers.

The charity continues to 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. At Concord Sports Centre NHS patients are treated in an environment which promotes physical activity as medicine. The centre also promotes physical activity as a prime preventer of ill health with exit routes for patients into our Exercise Referral scheme.

Throughout 2021-22 the activities provided in venues continued to carefully follow risk assessments aligned to the Covid-19 guidelines set out by the government, with some reductions in numbers at different stages. In July the leisure pool at Ponds Forge was closed due to essential maintenance work, permanently removing the flumes, bringing forward other planned work and refreshing the whole experience. This work was completed with Surf City opening to the public in January. We were able to move activities to other pools and extend the offer at Hillsborough Leisure Centre to reduce the financial/activity impact. Surf City has been well received by our customers since its reopening.

Not all our events have returned and of those that have many have been with reduced competitor and spectator numbers. This led to reductions in catering income.

Golf has continued in its popularity, as it allows exercise while outside and socialising with friends. This has had a positive effect on the use of all 5 of the charity's courses. There were some restrictions in the early part of the year that impacted on catering and secondary spend, but these are no longer in place.

The Sheffield City Hall and the Utilita Arena Sheffield reopened in early September 2021 following 18 months of closure due to the Covid-19 pandemic. Upon reopening, despite several challenges including labour and resource supply issues, as well as the ongoing impact of the pandemic and restrictions associated with this, the 6 months to 31 March 2022 saw the two venues host 271 events and welcome over 444,000 fans.

The venues delivered a wide and varied arts and entertainment programme hosting some of the most popular acts in music, comedy and theatre. Opera and ballet also featured as well as the return of the Sheffield International Classical Concert Season featuring both international and domestic orchestras. Community events have always been a major part of the charity's programme and these returned to the venues and included the local amateur dramatic society, Manor Operatic's pantomime at Christmas that was attended by over 28,000 local residents.

Elite League Ice Hockey also returned as a major part of the events programme with the ongoing partnership with the Sheffield Steelers. This season, together with the Steelers, the Utilita Arena hosted 35 games and welcomed over 230,000 fans, predominantly from the local Sheffield area. The International Ice Hockey Federation (IIHF) have recently reported that the venue was the 6th most attended ice hockey stadium in Europe moving from a pre pandemic position of 28th.

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

Activities (continued)

Our community development activities have also seen significant challenge due to Covid restrictions. Existing work reaching Care Home residents across the city has continued through the pandemic with bespoke digital activities and innovative playing card based initiatives being delivered by Care Home staff in lieu of our own colleagues being able to enter premises.

Supporting hard-to-reach communities became ever more important for the Charity. We delivered a Learn to Swim programme for 400 children, each eligible for free school meals, within the £2.7m DfE Holiday Activities and Food (HAF) programme. This undertaking guaranteed that every child will learn to swim and provided each participant with a swimming starter pack (swimming costume, sports bottle and towel) as well as a meal each day as part of the programme's aim to tackle hunger issues during the school holidays.

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.

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 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 £7,589,000 (2021: £12,186,000).

When considering the financial performance of the charity the trustees examine the results of each facility that the charity operates. In 2021/22 financial performance and attendance levels from community usage were below the levels being achieved before the Covid-19 pandemic which, whilst disappointing, is understandable given the closure of venues 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, 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 2022 of £2,517,000 (2021: negative £3,087,000). The Trustees are confident that over future periods, as business continues to move towards pre Covid levels, 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 £33,077,000 (2021: £25,820,000) and total resources expended amounted to £18,998,000 (2021: £28,300,000) resulting in net incoming resources before tax of £14,079,000 (2021: outgoing resources £2,480,000). Net incoming resources includes a credit of £12,957,000 in respect of settlement of the South Yorkshire Pension Scheme, following the transfer of the scheme's assets and liabilities to Sheffield City Council on 31 March 2022.

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.

Following transfer of the operation of remaining venues to Sheffield City Trust in the prior year, 7 Hills Leisure Trust has ceased trading and the objects of the charity in the year were to allow the orderly wind up of the charity.

The activities of Sheffield City Trust in the year under review includes the operation of leisure facilities and golf courses.

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

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 that Covid-19 continued to have on the business in the first half of the financial year. All venues have now reopened, and activities continue to grow towards their pre pandemic levels.

Sheffield City Council has confirmed its support for the charity and discussions with the council continue in a robust, constructive atmosphere. Sheffield City Trust has entered into a legally binding agreement with Sheffield City Council to ensure it has sufficient funds to continue to at least August 2024. The support provided gives the certainty necessary for the trustees to develop a plan to continue to deliver services at its current levels for the foreseeable future. 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 business plan to August 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. 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 ahead of budget.

Based on the above the trustees believe that it remains appropriate to prepare the financial statements on a going concern basis however, they note a material uncertainty in respect of the position beyond 2024 (refer to note 1). In the event that the Trust does cease trading post August 2024, the trustees intend on a solvent wind up of the business.

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. General economic trends are currently showing significant cost rises across much of our key expenditure items therefore, as far as possible, 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. However, 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 scheme was in deficit at a consolidated level. However, on 31 March 2022 the group entered into an agreement with Sheffield City Council in which the historic pension assets and liabilities transferred to Sheffield City Council, thus removing the deficit from the balance sheet of Sheffield City Trust. Sheffield City Trust will continue to pay contributions into the scheme for all eligible employees and the future benefits of those employees are unaffected by the change.

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 £2,012,000 (2021: negative £18,510,000) and restricted funds of £32,342,000 (2021: £30,688,000).

The restricted funds of the charity at 31 March 2022 are set out in note 5 of the financial statements.

The level of unrestricted reserves at the end of the financial year of negative £2,012,000 (2021: negative £18,510,000) includes a net pension deficit of £nil (2021: £15,935,000 deficit). The level of free reserves at the end of the financial year, taking into account the pension deficit, was negative £7,687,000 (2021: negative £10,369,000). Historically, the trustees believed it was 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 and that an appropriate level of reserves would be sufficient to support operations for six months.

However, as a result of the Covid-19 pandemic, which continues to have some impact on the charity's ability to address the reserves position, as well as the current rises being seen in the general cost of living, impacting on how individuals choose to spend their disposable income the trustees have reviewed the charity's reserves policy. The trustees have recently signed a new Funding Agreement with Sheffield City Council which provides for the City Council to meet existing and future liabilities to the extent that they aren't financed by future operations and, taking this and the future challenges described above into consideration, the trustees now consider it more appropriate to

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

Reserves policy (continued)

target a neutral reserves position. To achieve this the charity will look to drive an increase in footfall across all venues and maximise attendances, whilst continuing to grow the programme of events across both the entertainment and sporting venues back to pre-pandemic levels. For further information refer to 'plans for future periods'.

The legally binding funding agreement with Sheffield City Council confirming support for the group to 31 August 2024, together with the positive cash balances held by the charity, provide the trustees with the necessary comfort to continue trading. The Trustees believe that, in light of the provisions of the Funding Agreement, the level of reserves is satisfactory at present.

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 all charitable operations are now managed by Sheffield City Trust and it is the intention to wind up 7 Hills Leisure Trust within the next financial year. 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.

Whilst all of the venues have now reopened following the restrictions imposed by the Covid-19 pandemic, with the final venues, the Utilita Arena and Sheffield City Hall, opening in September 2021, activity levels have still not reached the pre Covid levels. It is expected that activity levels will continue to grow as consumer confidence grows and there is already a significant calendar of events booked in at both entertainment and leisure venues.

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 31 August 2024 and jointly look to invest in them as funding permits. This agreement gives a degree of certainty and enables longer term planning and programme development.

The discussions with the council have included the strategy of the charity to continue to encourage the director 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 22/23 was satisfactory, when taking into account the continued impact of Covid-19 and the challenging general economic climate. It is the intention of the trustees to continue to invest in facilities as much as possible and to maximise attendances, as much as possible during these challenging economic times.

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

Crowe U.K. LLP
The Lexicon
Mount Street
Manchester
M2 5NT

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 Group Audit Committee and Mr J Warner is chairman of that Group Audit Committee. The Group Audit Committee members are Mr J Warner and Mr R Plews. Cllr M Iqbal was a member of the Group Audit Committee until he resigned on 19 July 2021. Cllr M Iqbal was also a director of Sheffield International Venues Limited, also resigning as a director on 19 July 2021.

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

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 £14,000 (2021: £10,000).

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

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 charity is domiciled and its principle place of business is in the UK.

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. It aims to be governed by a board of between 12 and 20 trustees and has been looking at ways to attract more trustees. This had taken a brief pause while the new funding agreement with Sheffield City Council was negotiated, but the trustees will consider the appropriate way forward now that the agreement is in place. 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. It is the intention of the trustees to support the orderly wind up of 7 Hills Leisure Trust, SIV Enterprises Limited and 7 Hills Commercial Limited within the next 12 months.

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 believe one of the key risks to the Charity and group to be the ability of Sheffield City Council to provide adequate funds to maintain the buildings in the long term. The trustees of the parent charity have entered into an agreement with Sheffield City Council ending in August 2024 in order to give greater certainty of future funding and additional funding has been provided to cover the cost of essential maintenance work on the venues.

The trustees also believe the general economic climate to be a major risk to the group, particularly as a result of Covid-19 which resulted in the temporary closure of venues and also in respect of the general rise in cost of living. The general rise in cost of living following the impact of the Covid-19 pandemic, is impacting on individuals' disposable incomes and as such will impact on the ability of customers to pay for the services offered by the company, as they choose where to spend what disposable income they have.

Rising prices are also considered a major risk to the group, in particular rising energy costs, as energy costs make up a significant part of the charity's overall cost base, however these costs are managed to the extent possible through fixed price contracts.

The trustees continue to monitor the financial performance of the group very closely. The trustees anticipate that now that the entertainment venues are fully reopened and large-scale events are now permitted, business will continue to grow and return to normal levels. The entertainment venues, in particular, have a strong diary of future events already scheduled. Given the support provided by Sheffield City Council to the Sheffield City Trust group, the trustees continue to support the going concern basis.

The trustees have identified a number of other risks which they consider to be important to the business and have action plans to mitigate against them, but believe that the risks considered above are the most significant and their future strategy addresses them directly.

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, people (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 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.

People

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 our people through 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-2021 to 31-March-2022

	Baseline Reporting Year 2019-2020	Current Reporting Year 2021-2022
	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.	47,407,108	45,432,606
Scope 1: Emissions from the combustion of Natural Gas tCO _{2e}	2,877.2	1,935.0
Scope 1: Emissions from combustion of Fuel for transport and heating (Tinsley) tCO _{2e}	81.6	32.2
Scope 3: Emissions from business travel in employee owned vehicles, where the company repaid mileage claims tCO _{2e} (average vehicle / fuel source unknown)	3.8	4.8
Scope 2: Emissions from purchased Electricity tCO _{2e}	4,674.1	3,454.1
Scope 2: Emissions from purchased Heat / Steam from District Heating tCO _{2e}	1,286.3	1,775.6
Total gross CO _{2e} based on above (tCO _{2e})	8,923.0	7,200.1
Intensity Ratio: kg CO _{2e} gross based on mandatory fields above per metre square of Gross Internal Area: (kg CO _{2e} m ⁻²)	60.3 kg CO_{2e} m⁻²	53.0 kg CO_{2e} m⁻²

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 CO₂ have been calculated using Defra Conversions 2021, the carbon content of the district heating schemes have been provided by the energy supplier(s).

Energy Efficiency Action

During the reporting period, Sheffield City Trust 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 charity 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 CO₂. During the financial year (2020-21), considerable investment was made in replacing the ice rink chiller at the Utilita Arena and upgrading the ventilation systems at Utilita 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 tCO₂e 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 tCO₂e per year, giving an estimated combined reduction of 547 MWh / 405.5 tCO₂e.

The charity has 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 2021-22, a series of gas meter upgrades were carried out, ensuring a continuous flow of reliable gas data, it appears that some of the gas meters have not been updated on the national database by the supplier(s).

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

During the year the trustees undertook a tender process in relation to the provision of audit services, which resulted in the appointment of Crowe U.K. LLP. The auditor will be deemed to be re-appointed and Crowe U.K. LLP will therefore continue 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
21 July 2022

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;
- 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

Opinion

We have audited the financial statements of Sheffield City Trust (the "Trust") and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, Company Statement of Financial Activities, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group and parent charitable company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the Trust's affairs as at 31 March 2022 and of the Group's surplus for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Trust future operations beyond 2024 is subject to a tender process and funding is in place until 2024. As stated in note 1, these events indicate that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern beyond 2024. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Challenging the Group's assessment of the ongoing support that was subject to finalisation at the time of the reporting date with Sheffield City Council and the ability of Sheffield City Council to provide such support.
- Assessing the numerical accuracy of the forecasts.
- 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 impact of inflation.
- Assessing the completeness and accuracy of the matters covered in the going concern disclosures by comparing the disclosures to our knowledge obtained throughout the audit.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £500,000, based on 1.5% of incoming resources. Materiality for the parent company financial statements as a whole was set at £320,000 based on 2% of incoming resources.

We use a different level of materiality (‘performance materiality’) to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined performance materiality to be £437,000 for the group and £267,000 for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors’ remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £20,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us. Due to the level of activity we considered Sheffield City Trust and Sheffield International Venues Limited to be significant components, whilst Phoenix Sports Limited, 7 Hills Leisure Trust and SIV Enterprises Limited to be insignificant.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our scope addressed the key audit matter
<p><i>Completeness of grant income</i></p> <p>A significant proportion of the Groups revenue consists of grant funding and amounted to £12.8m in the year to 31 March 2022.</p> <p>The key revenue recognition risks in relation to grant income are:</p> <ul style="list-style-type: none"> • Appropriate recognition of grant income in accordance with the stated policies, financial reporting standards • Completeness of income specifically in relation to cut-off and the correct recognition of deferred income. • Segmental recognition and classification of income 	<p>We obtained an understanding of the grant agreements and evaluated the Group’s processes and controls in place to calculate the amount and timing of the recognition of grant income, particularly in respect of new grants obtained during the reporting period.</p> <p>We performed the following audit procedures on a sample basis, for both new and existing agreements, having regard to satisfaction of performance obligations, where these existed, to assess the appropriate income recognition for individual transactions.</p> <ul style="list-style-type: none"> • We assessed that previously deferred grant income was recognised in the correct period, starting with the underlying grant agreement, • We reviewed classification of income within the financial statements ensuring it has been classified in the relevant category in the financial statements by reference to the supporting documentation.

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

Overview of our audit approach *(continued)*

Key audit matter	How our scope addressed the key audit matter
<p><i>Pension Liability</i></p> <p>The Trust recognises a defined benefit pension liability. The liability is calculated by an actuary based on a number of assumptions as disclosed in note 21.</p> <p>The key risk in relation to this is:</p> <ul style="list-style-type: none"> Management bias in the use of certain assumptions <p>Shortly before the reporting date, the Trust signed a new funding agreement with Sheffield City Council which subsumed the historic pension assets and liabilities thus removing the Trust from any obligation.</p>	<p>We benchmarked the assumptions adopted in the report against other March year end actuary reports.</p> <ul style="list-style-type: none"> We reviewed the terms of the funding agreement to ensure that it did permit the Trust to derecognise the defined benefit pension liability

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Group and Trust operate. We considered this context to be the Companies Act 2006 and Charities Act 2011. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing the accounting estimates for bias.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

Use of our report

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



Vicky Szulist (Senior Statutory Auditor)
for and on behalf of Crowe U.K. LLP, Statutory Auditor
Chartered Accountants

The Lexicon
Mount Street
Manchester
M2 5NT

21 July 2022

Consolidated statement of financial activities *(incorporating income & expenditure account)*
For the year ended 31 March 2022

		Unrestricted funds	Restricted Funds – charitable activities	Total funds	Total funds
	<i>Note</i>	2022 £000	2022 £000	2022 £000	2021 £000
Incoming resources					
Income from charitable activities		20,235	-	20,235	5,224
Investment income		9	-	9	5
Income from donations and legacies - Grants receivable		1,321	-	1,321	8,849
Income from donations and legacies - Sheffield City Council		7,569	3,943	11,512	11,742
Total incoming resources		29,134	3,943	33,077	25,820
Resources expended					
Expenditure on raising funds		(13,223)	(1,624)	(14,847)	(9,843)
Expenditure on charitable activities – general		(16,443)	(665)	(17,108)	(18,457)
Expenditure on charitable activities - pension		12,957	-	12,957	-
Total resources expended	3	(16,709)	(2,289)	(18,998)	(28,300)
Net incoming/(outgoing) resources before tax	6	12,425	1,654	14,079	(2,480)
Taxation	9	396	-	396	68
Net incoming/(outgoing) resources before other recognised gains and losses		12,821	1,654	14,475	(2,412)
Actuarial gain/(loss) recognised in the pension scheme	21	3,677	-	3,677	(2,530)
Related tax		-	-	-	19
Net profit/(loss) in the year		16,498	1,654	18,152	(4,923)
Fund balances brought forward		(18,510)	30,688	12,178	17,101
Fund balances carried forward	4/5	(2,012)	32,342	30,330	12,178

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 2022

		Unrestricted funds	Restricted funds – charitable activities	Total funds	Total funds
	<i>Note</i>	2022 £000	2022 £000	2022 £000	2021 £000
Incoming resources					
Income from charitable activities		8,474	-	8,474	3,092
Investment income		9	-	9	5
Income from donations and legacies - Grants receivable		692	1,909	2,601	5,022
Income from donations and legacies - Sheffield City Council		7,204	-	7,204	11,742
		<u>16,379</u>	<u>1,909</u>	<u>18,288</u>	<u>19,861</u>
Resources expended					
Expenditure on charitable activities – general		(16,695)	(665)	(17,360)	(19,017)
Expenditure on charitable activities - pension		12,957	-	12,957	-
		<u>(3,738)</u>	<u>(665)</u>	<u>(4,403)</u>	<u>(19,017)</u>
Net incoming resources before tax	6	12,641	1,244	13,885	844
Tax		-	-	-	-
		<u>12,641</u>	<u>1,244</u>	<u>13,885</u>	<u>844</u>
Net incoming resources before other recognised gains and losses		12,641	1,244	13,885	844
Actuarial gain/(loss) recognised in the pension scheme	21	3,677	-	3,677	(2,186)
		<u>16,318</u>	<u>1,244</u>	<u>17,562</u>	<u>(1,342)</u>
Net profit/(loss) in the year		16,318	1,244	17,562	(1,342)
Fund balances brought forward		(18,560)	9,930	(8,630)	(7,288)
		<u>(2,242)</u>	<u>11,174</u>	<u>8,932</u>	<u>(8,630)</u>
Fund balances carried forward	4/5	<u>(2,242)</u>	<u>11,174</u>	<u>8,932</u>	<u>(8,630)</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

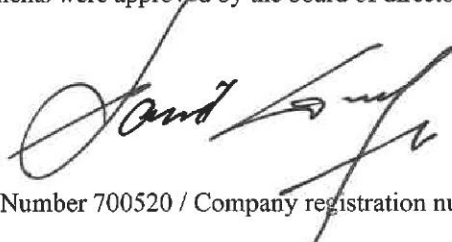
As at 31 March 2022

	Note	2022		2021	
		£000	£000	£000	£000
Fixed assets					
Intangible Assets	11	26		35	
Tangible fixed assets	12	151,986		152,636	
Negative goodwill	10	(6,573)		(6,778)	
		<hr/>		<hr/>	
			145,439		145,893
Current assets					
Stocks	14	216		123	
Debtors (including debtors due after one year of £32,490,000 (2021: £32,490,000))	15	34,356		35,651	
Cash at bank and in hand		7,968		4,147	
		<hr/>		<hr/>	
		42,540		39,921	
Creditors: amounts falling due within one year	16	(29,922)		(29,631)	
		<hr/>		<hr/>	
Net current assets			12,618		10,290
			<hr/>		<hr/>
Total assets less current liabilities			158,057		156,183
Creditors: amounts falling due after more than one year					
	17		(127,727)		(127,674)
Provisions for liabilities	18		-		(396)
			<hr/>		<hr/>
Net assets – excluding pension asset and liability			30,330		28,113
Pension liability	21		-		(15,935)
			<hr/>		<hr/>
Net assets – including pension asset and liability			30,330		12,178
			<hr/> <hr/>		<hr/> <hr/>
Fund balances					
Unrestricted reserves					
Designated reserve	4		505		512
General reserve	4		(2,517)		(3,087)
Pension reserve	4		-		(15,935)
			<hr/>		<hr/>
Net unrestricted funds			(2,012)		(18,510)
Restricted funds	5		32,342		30,688
			<hr/>		<hr/>
Total funds			30,330		12,178
			<hr/> <hr/>		<hr/> <hr/>

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 21 July 2022 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 2022

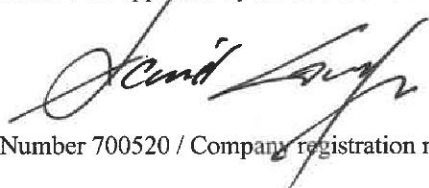
	Note	2022	2021
		£000	£000
Fixed assets			
Investments	13	-	-
Intangible assets	11	26	35
Tangible fixed assets	12	125,282	125,440
		<u>125,308</u>	125,475
Current assets			
Stock	14	-	9
Debtors (including debtors due after one year of £32,490,000 (2021 - £32,490,000))	15	33,376	35,495
Cash at bank and in hand		1,474	2,629
		<u>34,850</u>	38,133
Creditors: amounts falling due within one year	16	<u>(23,499)</u>	(28,629)
Net current assets		<u>11,351</u>	9,504
Total assets less current liabilities		<u>136,659</u>	134,979
Creditors: amounts falling due after more than one year	17	(127,727)	(127,674)
Net assets – excluding pension liability		<u>8,932</u>	7,305
Pension liability	21	-	(15,935)
Net liabilities – including pension liability		<u>8,932</u>	(8,630)
Fund balances			
Unrestricted reserves			
Designated reserve	4	505	512
General reserve	4	(2,747)	(3,137)
Pension reserve	4	-	(15,935)
Net unrestricted funds		<u>(2,242)</u>	(18,560)
Restricted funds	5	11,174	9,930
Total funds		<u>8,932</u>	(8,630)

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 21 July 2022 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 2022

	<i>Note</i>	2022 £000	2021 £000
Cash flows from operating activities			
Net incoming/(outgoing) resources before other recognised gains or losses		14,475	(2,412)
<i>Adjustments for:</i>			
Depreciation and amortisation	10/11/12	3,603	3,199
Interest receivable and similar income		(9)	(5)
Interest payable and similar charges		3,338	4,248
Pension (receipts)/charges in excess of cash contributions		(12,600)	112
Tax		(396)	(68)
(Profit)/loss on disposal		(539)	33
		<hr/>	<hr/>
		7,872	5,107
Decrease/(increase) in trade and other debtors	15	1,252	(597)
(Increase)/decrease in stocks	14	(93)	27
Increase in trade and other creditors	16	414	97
		<hr/>	<hr/>
		9,445	4,634
Tax received		43	-
		<hr/>	<hr/>
Net cash from operating activities		9,488	4,634
Cash flows from investing activities			
Acquisition of tangible fixed assets	12	(3,619)	(1,662)
Acquisition of intangible assets	11	-	(43)
Proceeds from disposal of tangible fixed assets		1,009	-
Interest received		9	5
		<hr/>	<hr/>
Net cash from investing activities		(2,601)	(1,700)
Cash flows from financing activities			
Proceeds from new loan		15,910	15,894
Interest paid		(2,991)	(3,940)
Repayment of borrowings		(15,721)	(14,709)
Payment of finance lease liabilities		(264)	(425)
		<hr/>	<hr/>
Net cash from financing activities		(3,066)	(3,180)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		3,821	(246)
Cash and cash equivalents brought forward		4,147	4,393
		<hr/>	<hr/>
Cash and cash equivalents carried forward		7,968	4,147
		<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 2021 to 31 March 2022 (*2021: 1 April 2020 to 31 March 2021*).

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 23.

Going concern

During the year ended 31 March 2022, Sheffield City Trust had net incoming resources before tax of £14,475,000, an increase in cash of £3,821,000 to £7,968,000 and Group net assets of £30,330,000 as at 31 March 2022.

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

‘Shortfall Funding Agreement’ Sheffield City Council will continue to provide additional funding support in respect of three legacy venues (Utilita 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.

Additionally, Sheffield City Trust has entered into a legally binding Funding Agreement with Sheffield City Council during the year to provide the funds and cashflow support necessary to run the trust through to 31 August 2024.

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 and in fact to 31 August 2024. 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 business plan to cover the period 1 April 2022 to 31 August 2024 which sets out planned income and expenditure across all venues and is broken down by type of income and expense.

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 ahead of the plan.

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 and the funding agreement entered into during the year, it is not necessary for the group to continue as a going concern.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Going concern (continued)

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 legally binding assistance from Sheffield City Council is even more important.

The trustees have considered all of these factors and have had discussions with representatives from Sheffield City Council. Sheffield City Council is guarantor of the bond and has entered into the new Funding Agreement to emphasise its commitment to the future of Sheffield City Trust. 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.

On 17 November 2021, Sheffield City Council began a Leisure and Entertainment Facility and Services Review. The review included an intention to put out to competitive tender the management of the major sporting facilities, leisure facilities and entertainment venues currently managed by the Trust. The current arrangements between Sheffield City Trust and the Council end on 31 August 2024.

Sheffield City Council intends to go out to tender for the delivery of leisure services from September 2024 as part of its approved Leisure Strategy. No formal tender documentation has been published as at the date of the approval of these financial statements. The Trust has already communicated to Sheffield City Council that it does not intend to bid to operate the facilities from the hand back date in 2024.

The Sheffield City Council Leisure Strategy also includes significant investment in the replacement or refurbishment of many existing facilities. Given the lasting impact of the Covid 19 pandemic and the subsequent economic crisis, the timing and outcomes of both the investment cycle and the tender process are under some pressure and remain uncertain. As a result, the date of transfer of management of the facilities from Sheffield City Trust to another operator is also uncertain.

Consequently, as a result of the legal arrangements with Sheffield City Council, 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 through to August 2024. Although the financial viability of the Trust is reasonably secure given the funding agreement, there remains a material uncertainty as to whether the trust will be operational as a leisure services provider beyond 2024. This will depend upon the timeliness and success of the planned tender process.

Therefore, the trustees consider there to be a material uncertainty as to whether the trust is a going concern as it may not operate beyond 2024. In the event that the Trust does cease trading post August 2024, the trustees intend on a solvent wind up of the business.

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 2022. 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, Utilita 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.

In the year, the group contributed to a pension scheme operated by South Yorkshire Pension Authority providing benefits based on final pensionable pay. The assets of the scheme 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.

On 31 March 2022, the historic assets and liabilities of the South Yorkshire Pension Scheme were subsumed by the Sheffield City Council South Yorkshire Pension Scheme and the group has been discharged of its net pension liability. The movement in the scheme’s deficit is split between operating charges, finance items and actuarial gains and losses. Further details regarding the schemes are disclosed in note 21.

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.

Sheffield International Venues Limited is the trading subsidiary of the Trust. The company has a policy of making gift aid payments equivalent to at least its taxable profit subject to sufficient distributable reserves being available. Therefore, it does not expect to incur any tax charges and deferred tax accounting is not considered to be necessary.

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 Sheffield City Trust. 7 Hills Leisure Trust has not traded in the year and the objects of the charity in the year were to allow the orderly wind up of the charity following the cessation of trade. 7 Hills Commercial Limited is a non-trading entity.

Phoenix Sports Limited provides full ownership and operation of the English Institute of Sport - Sheffield. The charity indirectly owns SIV Enterprises Limited through Sheffield International Venues Limited whose activities in the year were limited to procedures to allow the orderly wind up of the company following cessation of trade on 1 February 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

	2022 £000	2021 £000
Turnover	11,762	1,963
Other operating income	2,325	1,515
Raw materials and consumables	(1,486)	(95)
Staff costs	(3,527)	(2,297)
Depreciation	(1,208)	(871)
Other operating charges	(9,299)	(3,480)
	<hr/>	<hr/>
Operating loss	(1,433)	(3,265)
Net interest payable	(2)	(26)
	<hr/>	<hr/>
Loss on ordinary activities before taxation	(1,435)	(3,291)
Tax on loss on ordinary activities	395	-
	<hr/>	<hr/>
Loss retained in the subsidiary	(1,040)	(3,291)
	<hr/> <hr/>	<hr/> <hr/>

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 as the business returns to normal levels following the Covid-19 pandemic.

	2022 £000	2021 £000
The assets and liabilities of the subsidiary were:		
Tangible fixed assets	3,392	3,020
Current assets	8,716	11,025
Creditors: amounts falling due within one year	(10,805)	(11,818)
Creditors: amounts falling due after more than one year	(1,303)	(792)
Provisions for liabilities	-	(395)
	<hr/>	<hr/>
Net assets	-	1,040
	<hr/> <hr/>	<hr/> <hr/>

Statement of other comprehensive income

	2022 £000	2021 £000
Loss for the financial period	(1,040)	(3,291)
	<hr/>	<hr/>
Total comprehensive expense for the financial year	(1,040)	(3,291)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

2 Results of subsidiary organisations *(continued)*

7 Hills Leisure Trust

	Unrestricted funds - General 2022 £000	Total funds 2022 £000	Total funds 2021 £000
Incoming resources			
Income from charitable activities	-	-	35
Income from donations and legacies - grants receivable	-	-	12
	<hr/>	<hr/>	<hr/>
Total incoming resources	-	-	47
	<hr/>	<hr/>	<hr/>
Resources expended			
Expenditure on charitable activities	(414)	(414)	(122)
	<hr/>	<hr/>	<hr/>
Total resources expended	(414)	(414)	(122)
	<hr/>	<hr/>	<hr/>
Net outgoing resources before other recognised gains and losses	(414)	(414)	(75)
	<hr/>	<hr/>	<hr/>
Net movements in the year	(414)	(414)	(75)
Fund balances at 1 April 2021	414	414	489
	<hr/>	<hr/>	<hr/>
Fund balances carried forward	-	-	414
	<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 all venues were transferred to Sheffield City Trust at book value. Following the transfer of the final venue on 1 May 2021, the objects of the charity has been to allow the orderly wind up of the charity. 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.

	2022 £000	2021 £000
The assets and liabilities of the subsidiary were:		
Current assets	1	2,187
Creditors: amounts falling due within one year	(1)	(1,773)
	<hr/>	<hr/>
Net assets	-	414
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

2 Results of subsidiary organisations *(continued)*

Phoenix Sports Limited

	2022	2021
	£000	£000
Income		
Lottery grant released	433	433
Yorkshire Forward grant released	14	14
Lifecycle fund	53	93
Grant income	71	71
Other income	91	91
	<hr/>	<hr/>
Total income	662	702
Expenditure		
Building Maintenance	-	(40)
Depreciation	(658)	(658)
	<hr/>	<hr/>
Operating profit	4	4
	<hr/>	<hr/>
Profit on ordinary activities before tax	4	4
Tax on profit on ordinary activities	-	35
	<hr/>	<hr/>
Profit retained in the subsidiary	4	39
	<hr/> <hr/>	<hr/> <hr/>

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.

	2022	2021
	£000	£000
The assets and liabilities of the subsidiary were:		
Tangible fixed assets	16,741	17,399
Current assets	2,611	2,520
Deferred income: amounts falling due within one year	(571)	(571)
Deferred income: amounts falling due after more than one year	(18,882)	(19,453)
	<hr/>	<hr/>
Net liabilities	(101)	(105)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

2 Results of subsidiary organisations *(continued)*

SIV Enterprises Limited

	2022	2021
	£000	£000
Turnover	-	123
Other operating income	65	1,575
Raw materials and consumables	-	(46)
Staff costs	241	(632)
Depreciation	-	(20)
Other operating charges	(67)	(884)
	<hr/>	<hr/>
Operating profit	239	116
Other finance income	-	3
Other income	1,502	-
	<hr/>	<hr/>
Profit on ordinary activities before taxation	1,741	119
Tax on profit on ordinary activities	-	32
	<hr/>	<hr/>
Profit retained in the subsidiary	1,741	151
	<hr/> <hr/>	<hr/> <hr/>

The operation of Tupton 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.

	2022	2021
	£000	£000
The assets and liabilities of the subsidiary were:		
Current assets	-	1,815
Creditors: amounts falling due within one year	-	(3,556)
	<hr/>	<hr/>
Net assets/(liabilities)	-	(1,741)
	<hr/> <hr/>	<hr/> <hr/>

Statement of other comprehensive income

	2022	2021
	£000	£000
Profit for the financial year	1,741	151
Actuarial loss recognised in the pension scheme	-	(344)
Tax on actuarial loss	-	19
	<hr/>	<hr/>
Total comprehensive income/(expense) for the financial year	1,741	(174)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

3 Resources expended

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
<i>Unrestricted funds</i>				
<i>Expenditure on raising funds</i>				
Ground rent	40	26	-	-
Other finance income – including pension	1	(3)	-	-
Overheads including staff costs, depreciation and finance lease interest	13,182	8,902	-	-
	<u>13,223</u>	<u>8,925</u>	<u>-</u>	<u>-</u>
<i>Expenditure on charitable activities - General</i>				
Ground rent	115	80	115	80
Interest on loans	92	84	92	84
Interest payable on bonds	2,873	3,803	2,873	3,803
Other finance costs – including pension	342	319	342	319
Overheads including staff costs, depreciation and finance lease interest	13,021	13,487	13,273	14,047
	<u>16,443</u>	<u>17,773</u>	<u>16,695</u>	<u>18,333</u>
<i>Expenditure on charitable activities - Pension</i>				
Pension scheme settlement	(12,957)	-	(12,957)	-
	<u>(12,957)</u>	<u>-</u>	<u>(12,957)</u>	<u>-</u>
Total unrestricted resources expended	<u>16,709</u>	<u>26,698</u>	<u>3,738</u>	<u>18,333</u>
<i>Restricted funds</i>				
<i>Expenditure on raising funds</i>				
Overheads	440	194	-	-
Depreciation	1,184	724	-	-
	<u>1,624</u>	<u>918</u>	<u>-</u>	<u>-</u>
<i>Expenditure on charitable activities</i>				
Overheads	38	219	38	219
Depreciation	627	465	627	465
	<u>665</u>	<u>684</u>	<u>665</u>	<u>684</u>
Total restricted resources expended	<u>2,289</u>	<u>1,602</u>	<u>665</u>	<u>684</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 1 April 2020 £000	Income £000	Utilised £000	Movement in pension deficit £000	At 31 March 2021 £000	Income £000	Utilised £000	Movement in pension deficit £000	At 31 March 2022 year £000
Designated funds									
Direct support of other charitable activities in Sheffield	492	91	(78)	-	505	95	(109)	-	491
Health fund	8	-	(1)	-	7	-	(2)	-	5
Other designate reserves	-	-	-	-	-	78	(69)	-	9
General funds									
Retained deficit	(1,125)	24,154	(26,116)	-	(3,087)	28,961	(28,391)	-	(2,517)
Pension reserve	(12,989)	-	(416)	(2,530)	(15,935)	-	12,258	3,677	-
	<u>(13,614)</u>	<u>24,245</u>	<u>(26,611)</u>	<u>(2,530)</u>	<u>(18,510)</u>	<u>29,134</u>	<u>(16,313)</u>	<u>3,677</u>	<u>(2,012)</u>
Company									
Designated funds									
Direct support of other charitable activities in Sheffield	492	91	(78)	-	505	95	(109)	-	491
Health fund	8	-	(1)	-	7	-	(2)	-	5
Other designate reserves	-	-	-	-	-	78	(69)	-	9
General funds									
Retained deficit	(4,671)	19,128	(17,594)	-	(3,137)	16,206	(15,816)	-	(2,747)
Pension reserve	(13,089)	-	(660)	(2,186)	(15,935)	-	12,258	3,677	-
	<u>(17,260)</u>	<u>19,219</u>	<u>(18,333)</u>	<u>(2,186)</u>	<u>(18,560)</u>	<u>16,379</u>	<u>(3,738)</u>	<u>3,677</u>	<u>(2,242)</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 £100,000 (2021: £4,334,000) received in the year in respect of the governments Coronavirus Job Retention scheme.

5 Restricted funds

Group	At 1 April 2020 £000	Incoming Resources £000	Utilised £000	At 31 March 2021 £000	Incoming Resources £000	Utilised £000	At 31 March 2022 year £000
iceSheffield capital grant	6,132	-	(187)	5,945	-	(185)	5,760
Sheffield City Hall renovation grant	3,367	-	(190)	3,177	-	(92)	3,085
EISS grant	19,204	-	(540)	18,664	-	(500)	18,164
NCSEM at Concord Sports Centre	398	-	(79)	319	-	(80)	239
Essential maintenance grant	369	1,575	(563)	1,381	3,943	(1,388)	3,936
EISS Sport hall grant	1,221	-	(39)	1,182	-	(39)	1,143
Other grants	24	-	(4)	20	-	(5)	15
	<u>30,715</u>	<u>1,575</u>	<u>(1,602)</u>	<u>30,688</u>	<u>3,943</u>	<u>(2,289)</u>	<u>32,342</u>
Company							
iceSheffield capital grant	6,132	-	(187)	5,945	-	(185)	5,760
Sheffield City Hall renovation grant	3,367	-	(190)	3,177	-	(92)	3,085
NCSEM at Concord Sports Centre	398	-	(79)	319	-	(80)	239
Essential maintenance grant	27	642	(225)	444	1,909	(305)	2,048
EISS Sports hall grant	48	-	(3)	45	-	(3)	42
	<u>9,972</u>	<u>642</u>	<u>(684)</u>	<u>9,930</u>	<u>1,909</u>	<u>(665)</u>	<u>11,174</u>

Notes to the financial statements *(continued)*

5 Restricted funds *(continued)*

The restricted funds of £5,760,000 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 £3,085,000 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 £18,164,000 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 £239,000 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 of 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 £3,936,000 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 £1,143,000 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	
	2022 £000	2021 £000	2022 £000	2021 £000
Auditor's remuneration - Audit of these financial statements	101	100	40	45
Depreciation of owned assets	3,575	3,054	1,505	1,300
Depreciation of assets held under finance leases	224	340	224	340
Hire of assets under operating leases - other assets	129	181	129	167
Amortisation of negative goodwill	(205)	(205)	-	-
Impairment of trade receivables	-	22	-	12
Inventory recognised as an expense	1,149	72	-	-
	<u>1,149</u>	<u>72</u>	<u>-</u>	<u>-</u>

7 Remuneration of trustees

No emoluments were paid to any of the trustees during the year (2021: £nil).

No expenses were reimbursed to any trustees in respect of any expenditure made on behalf of the charity (2021: £nil).

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	
	2022 Number	2021 Number	2022 Number	2021 Number
Leisure	304	323	304	315
Maintenance	125	167	125	151
Administration	121	133	121	127
Catering	157	167	157	143
	707	790	707	736
	707	790	707	736

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	
	2022 £000	2021 £000	2022 £000	2021 £000
Wages and salaries	9,814	10,112	9,814	9,514
Social security costs	652	662	660	624
Other pension costs	(12,300)	1,402	(12,000)	1,578
Redundancy costs	12	863	1	708
	(1,822)	13,039	(1,525)	12,424
	(1,822)	13,039	(1,525)	12,424

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. Where required, companies within the group 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 £257,000 in respect of the Derbyshire Pension Scheme and a settlement credit of £12,957,000 following the admission of all employees in the South Yorkshire pensions scheme into the Sheffield City Council scheme (2021: £241,000 credit in respect of the North Yorkshire pension scheme).

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

	2022	2021
£60,001 - £70,000	4	4
£70,001 - £80,000	1	1
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1
	6	6
	6	6

The group made contributions of £58,169 (2021: £127,079) to defined benefit schemes in respect of these employees. This figure includes a one-off pension contribution of £nil (2021: £81,487) in respect of redundancy.

Notes to the financial statements *(continued)*

9 Tax

Analysis of charge in year

	2022	Group
	£000	2021
		£000
Current tax		
Adjustments in respect of prior periods	-	(76)
Total current tax charge for the year	<u>-</u>	<u>(76)</u>
Deferred tax		
Origination and reversal of timing differences	(396)	8
Total tax credit for the year	<u>(396)</u>	<u>(68)</u>

Factors affecting the tax charge for the current year

The current tax charge for the period is lower *(2021: higher)* than the standard rate of corporation tax in the United Kingdom, which, for the period ended 31 March 2022, was 19% *(2021: 19%)*. The differences are explained below:

	2022	2021
	£000	£000
Net incoming/(outgoing) resources before tax	14,079	(2,480)
Current tax at 19% <i>(2021: 19%)</i>	2,675	(471)
Non deductible and non taxable items	(3,032)	(121)
Adjustments relating to prior periods	(396)	(76)
Pension scheme adjustments	-	(86)
Deferred tax not recognised	-	536
Depreciation in excess of capital allowances	199	150
Tax losses	158	-
Total tax credit for the year	<u>(396)</u>	<u>(68)</u>

The release of deferred tax relates to Sheffield International Venues Limited, Sheffield City Trust's trading subsidiary.

Sheffield International Venues Limited has historically recognised deferred tax movements however given its tax strategy of making a gift aid payment to its charitable parent, Sheffield City Trust, of any taxable profits and the level of historical tax losses, it now considers this accounting to no longer be required.

Notes to the financial statements *(continued)*

10 Negative goodwill

	£000
<i>Cost</i>	
At beginning and end of year	(8,741)
	<hr/>
<i>Impairment losses/amortisation</i>	
At beginning of year	1,963
Charge for year	205
	<hr/>
At end of year	2,168
	<hr/>
<i>Carrying amount</i>	
At end of year	(6,573)
	<hr/> <hr/>
At beginning of year	(6,778)
	<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 English Institute of Sport – Sheffield 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 English Institute of Sport – Sheffield building and the historic grant funding which financed its construction.

11 Intangible assets Group

	Total £000
<i>Cost</i>	
At beginning of year	47
	<hr/>
At end of year	47
	<hr/>
<i>Amortisation</i>	
At beginning of year	12
Charge for year	9
	<hr/>
At end of year	21
	<hr/>
<i>Closing net book amount</i>	
At end of year	26
	<hr/> <hr/>
At beginning of year	35
	<hr/> <hr/>

Notes to the financial statements (continued)

11 Intangible assets (continued) Company

	Total £000
<i>Cost</i>	
At beginning of year	45
At end of year	45
<i>Amortisation</i>	
At beginning of year	10
Charge for year	9
At end of year	19
<i>Closing net book amount</i>	
At end of year	26
At beginning of year	35

12 Tangible fixed assets

Group	Freehold land £000	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	Assets under construction £000	Total £000
<i>Cost</i>					
At beginning of year	468	173,740	25,275	262	199,745
Additions	-	-	63	3,556	3,619
Disposals	(468)	-	(1,735)	-	(2,203)
Transfers	-	-	3,476	(3,476)	-
At end of year	-	173,740	27,079	342	201,161
<i>Depreciation</i>					
At beginning of year	-	30,156	16,953	-	47,109
Charge for year	-	1,140	2,659	-	3,799
Disposals	-	-	(1,733)	-	(1,733)
At end of year	-	31,296	17,879	-	49,175
<i>Net book value</i>					
At end of year	-	142,444	9,200	342	151,986
At beginning of year	468	143,584	8,322	262	152,636

Within leasehold land and buildings there are assets with a book value of £108,000,000 (2021: £108,000,000) which are not being depreciated. The value of these assets will be realised in full upon exercise of the break clause contained within the related lease.

Notes to the financial statements *(continued)*

12 Tangible fixed assets *(continued)*

Company	Freehold land £000	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	Assets Under Construction £000	Total £000
Cost					
At beginning of year	468	141,439	9,427	188	151,522
Additions	-	-	40	2,945	2,985
Disposals	(468)	-	(1,013)	-	(1,481)
Transfers	-	-	1,822	(1,822)	-
Group Transfers	-	-	46	(992)	(946)
At end of year	-	141,439	10,322	319	152,080
Depreciation					
At beginning of year	-	20,537	5,545	-	26,082
Charge for year	-	449	1,280	-	1,729
Disposals	-	-	(1,013)	-	(1,013)
At end of year	-	20,986	5,812	-	26,798
Net book value					
At end of year	-	120,453	4,510	319	125,282
At beginning of year	468	120,902	3,882	188	125,440

Within leasehold land and buildings there are assets with a book value of £108,000,000 (2021: £108,000,000) which are not being depreciated. The value of these assets will be realised in full upon exercise of the break clause contained within the related lease.

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

	Group	Company
	Fixtures, fittings and equipment £000	Fixtures, fittings and equipment £000
2022		
Net book value	806	806
Depreciation	224	224
2021		
Net book value	1,013	1,013
Depreciation	340	340

Notes to the financial statements *(continued)*

13 Investments - Company

**Investment in
subsidiary
£000**

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

Notes to the financial statements (continued)

13 Investments - Company (continued)

In the opinion of the directors the investments in and amounts due from the charity's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

*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	
	2022 £000	2021 £000	2022 £000	2021 £000
Goods for resale	216	123	-	9

15 Debtors

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade debtors	434	1,480	251	891
Other debtors	497	26	-	3
Prepayments and accrued income	33,390	34,067	33,125	33,109
Amounts owed by group undertakings	-	-	-	1,492
Corporation tax	35	78	-	-
	<u>34,356</u>	<u>35,651</u>	<u>33,376</u>	<u>35,495</u>

Prepayments and accrued income includes £32,490,000 (2021: £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	
	2022 £000	2021 £000	2022 £000	2021 £000
Bank loans (see note 17)	232	82	232	82
Other loans	-	1,171	-	1,171
Obligations under finance leases (see note 17)	217	308	217	308
Bonds	16,559	15,570	16,559	15,570
Trade creditors	1,335	1,134	1,313	680
Other creditors including taxation and social security	9,238	8,999	798	431
Accruals and deferred income	2,341	2,367	1,920	1,161
Amounts owed to group undertakings	-	-	2,460	9,226
	<u>29,922</u>	<u>29,631</u>	<u>23,499</u>	<u>28,629</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	
	2022 £000	2021 £000	2022 £000	2021 £000
Bank loans	259	219	259	219
Other loans	3,513	2,342	3,513	2,342
Obligations under finance leases	97	270	97	270
Bonds	17,600	34,155	17,600	34,155
Sheffield City Council	106,258	90,688	106,258	90,688
	<u>127,727</u>	<u>127,674</u>	<u>127,727</u>	<u>127,674</u>

The charity has two bank loans to fund the purchase of fixed assets at a rate of 4.5% and 3.87%, with an outstanding balance of £183,000 and £36,000 respectively, at the year end. During the year the charity took on two further bank loans to fund fixed assets at a rate of 3.87% and 4.9% with an outstanding balance at the year end of £70,000 and £202,000 respectively.

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, with a balance at 31 March 2022 of £1,313,000.

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 and during 2021 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. No capital repayments are now required on these loans from Sheffield City Council until August 2024.

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 £38,236,000 (2021: £55,661,000); 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	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year	232	1,253	232	1,253
In the second to fifth years	3,772	2,561	3,772	2,561
	<u>4,004</u>	<u>3,814</u>	<u>4,004</u>	<u>3,814</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	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year	16,559	15,570	16,559	15,570
In the second to fifth years	17,600	34,155	17,600	34,155
	<u>34,159</u>	<u>49,725</u>	<u>34,159</u>	<u>49,725</u>

The maturities of obligations under the leases are as follows:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year	217	308	217	308
In the second to fifth years	97	270	97	270
	<u>314</u>	<u>578</u>	<u>314</u>	<u>578</u>

Notes to the financial statements *(continued)*

18 Deferred tax

	Accelerated tax depreciation £000	Other timing differences £000	2022 Total £000	2021 Total £000
At 1 April 2020	386	(249)	137	(1,413)
Movement in year	10	(598)	(588)	1,550
At 31 March 2021 & 1 April 2021	396	(847)	(451)	137
Movement in year	(259)	(314)	(573)	(588)
At 31 March 2022	137	(1,161)	(1,024)	(451)
Recognised	-	-	-	396
Unrecognised	137	(1,161)	(1,024)	(847)
	137	(1,161)	(1,024)	(451)

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

	2022			2021		
	Unrestricted (designated and general) £000	Restricted £000	Total £000	Unrestricted (designated and general) £000	Restricted £000	Total £000
Tangible fixed assets	119,644	32,342	151,986	121,948	30,688	152,636
Intangible Assets	26	-	26	35	-	35
Net current assets	12,618	-	12,618	10,290	-	10,290
Liabilities falling due after more than one year	(127,727)	-	(127,727)	(127,674)	-	(127,674)
Provision for liabilities and charges	-	-	-	(396)	-	(396)
Pension liability (note 21)	-	-	-	(15,935)	-	(15,935)
Negative goodwill	(6,573)	-	(6,573)	(6,778)	-	(6,778)
Net assets as at 31 March 2022	(2,012)	32,342	30,330	(18,510)	30,688	12,178

Notes to the financial statements (continued)

20 Commitments

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

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Operating leases which expire:				
Within one year	173	142	173	142
In the second to fifth years inclusive	326	361	326	361
More than five years	493	559	493	559
	992	1,062	992	1,062
	992	1,062	992	1,062

At 31 March 2022, the group had commitments to purchase fixed assets amounting to £105,000. This expenditure will be funded by the essential maintenance grant from Sheffield City Council.

21 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 £210,000 (2021: £214,000).

Contributions amounting to £35,000 (2021: £22,000) were payable to the scheme and are included in creditors.

Defined benefit pension scheme - Group

The group contributed 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 were updated for FRS 102 purposes to 31 March 2022 by a qualified independent actuary. During the prior 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. On 31 March 2022, the historic assets and liabilities of the groups South Yorkshire Pension Scheme were subsumed into the Sheffield City Council South Yorkshire Pension scheme. The group was discharged of its net liability on this date. The net liability discharged, included in settlements, is £12,957,000. The Trust has no liability to the plan for other entities obligations.

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.

	2022			2021		
	South Yorkshire £000	North Yorkshire £000	Total £000	South Yorkshire £000	North Yorkshire £000	Total £000
Present value of funded defined benefit obligations	-	-	-	(64,464)	-	(64,464)
Fair value of plan assets	-	-	-	48,570	-	48,570
	-	-	-	(15,894)	-	(15,894)
Present value of unfunded defined benefit obligations	-	-	-	(41)	-	(41)
	-	-	-	(15,935)	-	(15,935)
Net liability	-	-	-	(15,935)	-	(15,935)

Notes to the financial statements *(continued)*

21 Pension scheme *(continued)*

Movements in present value of defined benefit obligation

	2022			2021		
	South Yorkshire £000	North Yorkshire £000	Total £000	South Yorkshire £000	North Yorkshire £000	Total £000
At beginning of year	64,505	-	64,505	53,777	2,325	56,102
Current service cost	791	-	791	828	41	869
Interest cost	1,365	-	1,365	1,284	44	1,328
Curtailement	-	-	-	230	8	238
Actuarial losses	-	-	-	9,072	925	9,997
Contributions by members	133	-	133	169	7	176
Benefits paid	(248)	-	(248)	(855)	(46)	(901)
Settlements	(66,546)	-	(66,546)	-	(3,304)	(3,304)
At end of year	-	-	-	64,505	-	64,505

Movements in fair value of plan assets

	2022			2021		
	South Yorkshire £000	North Yorkshire £000	Total £000	South Yorkshire £000	North Yorkshire £000	Total £000
At beginning of year	48,570	-	48,570	40,688	2,425	43,113
Expected return on plan assets	1,023	-	1,023	977	47	1,024
Actuarial gains	3,677	-	3,677	6,886	581	7,467
Administration expenses	-	-	-	(12)	-	(12)
Contributions by employer	434	-	434	717	61	778
Contributions by members	133	-	133	169	7	176
Benefits paid	(248)	-	(248)	(855)	(46)	(901)
Settlements	(53,589)	-	(53,589)	-	(3,075)	(3,075)
At end of year	-	-	-	48,570	-	48,570

Expense recognised in the statement of financial activities

	2022			2021		
	South Yorkshire £000	North Yorkshire £000	Total £000	South Yorkshire £000	North Yorkshire £000	Total £000
Current service cost	791	-	791	828	41	869
Effect of curtailments	-	-	-	230	8	238
Liabilities extinguished on settlement	(66,546)	-	(66,546)	-	(3,304)	(3,304)
Assets distributed on settlement	53,589	-	53,589	-	3,075	3,075
Administration expenses	-	-	-	12	-	12
Interest on defined benefit pension plan obligation	1,365	-	1,365	1,284	44	1,328
Expected return on defined benefit pension plan assets	(1,023)	-	(1,023)	(977)	(47)	(1,024)
Total	(11,824)	-	(11,824)	1,377	(183)	1,194

Notes to the financial statements *(continued)*

21 Pension scheme *(continued)*

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

	2022			2021		
	South Yorkshire £000	North Yorkshire £000	Total £000	South Yorkshire £000	North Yorkshire £000	Total £000
Staff costs	(12,166)	-	(12,166)	1,070	(180)	890
Other finance (income)/costs	342	-	342	307	(3)	304
Total	(11,824)	-	(11,824)	1,377	(183)	1,194

The total amount recognised in the statement of financial activities in respect of actuarial gains is £3,677,000 (2021: £2,530,000 loss).

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

	2022			2021		
	South Yorkshire £000	North Yorkshire £000	Total £000	South Yorkshire £000	North Yorkshire £000	Total £000
Equities	-	-	-	23,847	-	23,847
Government debt	-	-	-	6,557	-	6,557
Corporate bonds	-	-	-	3,983	-	3,983
Property	-	-	-	4,420	-	4,420
Other	-	-	-	9,763	-	9,763
Total	-	-	-	48,570	-	48,570
Actual return on plan assets	4,700	-	4,700	7,862	628	8,490

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	2022	2021
	%	%
Discount rate	2.7	2.1
Expected rate of return on plan assets	2.7	2.1
Rate of increase in salaries	4.2	4.0
Rate of inflation	3.7	2.7
Rate of increase in pensions	3.2	2.8

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 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: 22.6 years (male), 25.4 years (female)
- Future retiree upon reaching 65: 24.1 years (male), 27.3 years (female)

Notes to the financial statements (continued)

21 Pension schemes (continued)

History of plans

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

Balance sheet

South Yorkshire pension scheme	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Present value of scheme liabilities	-	(64,464)	(53,737)	(56,576)	(51,700)	(53,562)
Fair value of scheme assets	-	48,570	40,688	43,435	41,748	40,355
Present value of unfunded defined benefit obligations	-	(41)	(40)	(54)	(55)	(59)
Deficit	-	(15,935)	(13,089)	(13,195)	(10,007)	(13,266)

Experience adjustments

	2022 %	2021 %	2020 %	2019 %	2018 %	2017 %
Experience losses/(gains) on scheme liabilities as a percentage of scheme liabilities	-	14.1	(8.4)	6.1	(7.1)	19.4
Experience gains/(losses) on scheme assets as a percentage of scheme assets	-	14.2	(8.7)	3.0	1.5	15.5

The group expects to contribute at a rate of 17.5% in respect of active members to its defined benefit plan in the next financial year, the assets and liabilities of which have been subsumed within the Sheffield City Council South Yorkshire Pension Authority scheme.

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 £210,000 (2021: £201,000). Contributions amounting to £35,000 (2021: £22,000) were payable to the scheme and are included in creditors.

Defined benefit pension scheme - Company

The charity contributed 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 2022 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. On 31 March 2022, the historic assets and liabilities of the charity's South Yorkshire Pension Scheme were subsumed into the Sheffield City Council South Yorkshire Pension scheme. The charity was discharged of its net liability on this date.

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.

	2022 £000	2021 £000
Present value of funded defined benefit obligations	-	(64,505)
Fair value of plan assets	-	48,570
Net liability	-	(15,935)

Notes to the financial statements *(continued)*

21 Pension schemes *(continued)*

Movements in present value of defined benefit obligation

	2022 £000	2021 £000
At beginning of year	64,505	53,777
Current service cost	791	828
Interest cost	1,365	1,284
Curtailement	-	230
Actuarial losses	-	9,072
Contributions by members	133	169
Benefits paid	(248)	(855)
Settlements	(66,546)	-
	<hr/>	<hr/>
At end of year	-	64,505
	<hr/> <hr/>	<hr/> <hr/>

Movements in fair value of plan assets

	2022 £000	2021 £000
At beginning of year	48,570	40,688
Expected return on plan assets	1,023	977
Actuarial gains	3,677	6,886
Administration expenses	-	(12)
Contributions by employer	434	717
Contributions by members	133	169
Benefits paid	(248)	(855)
Settlements	(53,589)	-
	<hr/>	<hr/>
At end of year	-	48,570
	<hr/> <hr/>	<hr/> <hr/>

Expense recognised in the statement of financial activities

	2022 £000	2021 £000
Current service cost	791	828
Effect of curtailments	-	230
Liabilities extinguished on settlement	(66,546)	-
Assets distributed on settlement	53,589	-
Interest on defined benefit pension plan obligation	1,365	1,284
Expected return on defined benefit pension plan assets	(1,023)	(977)
Administration expenses	-	12
	<hr/>	<hr/>
Total	(11,824)	1,377
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements *(continued)*

21 Pension schemes *(continued)*

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

	2022 £000	2021 £000
Staff costs	(12,166)	1,070
Other finance income	342	307
Total	(11,824)	1,377

The total company amount recognised in the statement of financial activities in respect of actuarial gain is £3,677,000 (2021: £2,186,000 loss).

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

	2022 Fair value £000	2021 Fair value £000
Equities	-	23,847
Government debt	-	6,557
Corporate bonds	-	3,983
Property	-	4,420
Other	-	9,763
Total	-	48,570
Actual return on plan assets	4,700	7,862

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)*

21 Pension schemes *(continued)*

Sensitivity analysis

The group has not performed sensitivity analysis in respect of small changes in assumptions as the liability is £nil and as such any changes in assumption would have no impact.

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.

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 one defined benefit pension scheme during the year operated by the South Yorkshire Pension Authority (“Administering Authority”) 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)*

21 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 scheme in which it participates further to admission agreements entered into with the relevant Administering Authority.

The Administering Authority governs each regional LGPS with the support from the Local Pension Board 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 are consolidated into is the Border to Coasts fund.

The Local Pension Board assists the Administering Authority 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 Authority and Local Pension Board 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.

22 Related party transactions

Directors and key management

Remuneration amounting to £468,000 (2021: £636,000) was paid to directors and other key management during the year. In addition, the charity made contributions of £58,000 (2021: £166,000) to defined benefit schemes in respect of the directors and other key management. The remuneration includes gross redundancy payments amounting to £nil (2021: £54,000) and additional payments to the defined benefit pension scheme of £nil (2021: £81,000) due to redundancy.

23 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 investments 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 business plan to August 2024. 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 assesses the adequacy of assumptions used on an annual basis. Sensitivity analysis, together with assumptions used, have been included in note 21.