

Fife Sports & Leisure Trust Limited
(a company limited by guarantee)

Report and Financial Statements for the
Year ended 31 March 2016

Registered number SC336004

Charity number SC039464

Fife Sport & Leisure Trust Limited

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Fife Sport & Leisure Trust Limited

Chairman's Introduction

I have great pleasure in introducing the eighth Annual Report and Accounts for Fife Sports and Leisure Trust Ltd (FSLT) for the 2015/16 financial year.

It has been a year of continuous improvement and success and I am pleased to report that significant progress has been made towards delivering our mission “to provide opportunities for customers to enjoy regular participation in sport and recreation as part of a physically active lifestyle”. Physical activity is at the heart of what we do and during the year we worked closely with Fife Council and a range of partners to identify opportunities and improve consistency in the way in which health and physical activity services are delivered to the communities of Fife.

When reflecting on the past twelve months, I recall not only the enormity and diversity of the work that was undertaken but also the commitment from so many people to promote the work of the Trust and have it recognised as a business which is accessible to all, affordable and customer-focused. As a charitable organisation we continued to offer a wide range of services delivered in the fourteen sport and leisure centres we manage on behalf of Fife Council and in various locations across Fife. These services met a diverse range of needs and expectations – from improving the health of people who are less active to ensuring that the programme of activities on offer at our centres was innovative and attractive and delivered by committed and well-trained staff.

My sincere thanks must go to Ed Watson, our Chief Executive, and his Executive Management Team for their contribution, commitment and professionalism in leading a multi-skilled and dedicated workforce. Without the support of all our staff and volunteers, Fife Sports and Leisure Trust would not have been able to deliver on its three key strategic priorities of “Growing the Business”, “Improving the Customer Experience” and “Making a Difference”, all of which are central to the long term continuing success of the organisation.

My sincere appreciation is also extended to my fellow Directors for their support and active involvement in the Trust's business over the past year. I would especially like to thank Ritchie Campbell, for his continued involvement as a Director, who resigned as Chair of the Board in October 2015.

I would also like to thank Fife Council, as sole member, for the continuing loyalty and support it has given the Trust throughout the year. These efforts are acknowledged and greatly appreciated. Also, our business partners for their contribution towards our continued success.

In conclusion, I would add that our performance this year fills me with confidence and that together we will successfully meet the challenges of the future.

Stephen Stewart
Chair

Fife Sport & Leisure Trust Limited

Foreword from the Chief Executive

I am pleased to bring forward Fife Sports and Leisure Trust's (FSLT) Annual Report and Accounts for the 2015/16 financial year.

In 2008, the first year in which the Trust managed and operated sport and leisure facilities on behalf of Fife Council, I spoke about our visionary journey to provide opportunities for the people of Fife to achieve their personal ambitions in fitness, healthy lifestyle, enjoyment and leisure pursuits by developing strategies which would meet customer expectations.

Without doubt the highlight this year has been the number of people who have used our sport, leisure and health and physical activity services. This clearly in itself demonstrates that we have moved significantly forward with our journey and our long term outcome for "Fife Sports and Leisure Trust to be recognised and valued by all for its service provision".

I am therefore delighted to report achievements across a range of business activities including the increase in attendances at sport and leisure centres and health and physical activity classes, recognition from national accredited bodies for improvements to the management and operation of facilities and similarly the development and support of staff, the expansion of the Trust's Health and Inequality Programme together with the considerable benefits, not only to the clients who participate in the programme but the organisations supporting them, an increase in Leisure Active membership sales, IT improvements and greater growth of external funding.

Our commitment to improve the customer experience remains a priority and during the year a number of methods were used to obtain feedback on services which the Trust provides. Work to develop and put in place an Organisation Improvement Plan was also completed with 24 continuous improvement actions identified.

The response from everyone has been fantastic and we have really pulled together to make it a great team effort. The many achievements which are referred to within this report would not have been possible without the commitment of the Trust's wider management team, staff, volunteers and Board of Directors. By working together we have demonstrated an ability to provide high quality services which are valued by so many people. Everyone deserves a big thank you. I would also like to record my appreciation to the Officers of Fife Council and the many organisations which have worked with us throughout the year and assisted us in so many ways.

I am very proud of what FSLT has achieved and the excellent reputation it now has for the management of facilities and delivery of programmes across Fife. With the continuing support of the Board, Management team and staff I am confident that the organisation will build on its achievements.

Ed Watson
Chief Executive

Fife Sport & Leisure Trust Limited
Directors' report (incorporating the strategic report)
For the year ending 31st March 2016

The directors are pleased to present their Report and Financial Statements for the year ending 31st March 2016. These are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Objectives and Activities

Corporate Strategy 2014/17 - Long term Outcome

"FSLT to be recognised and valued by all for its service provision"

Mission

Providing opportunities for customers to enjoy regular participation in sport and recreation as part of a physically active lifestyle.

Objectives and Activities

The charitable objects of FSLT are recognised by the Office of the Scottish Charity Regulator (OSCR) under the Charity and Trustee Investment (Scotland) Act 2005.

FSLT's charitable objects are in line with the provisions of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The most recent Articles of Association were lodged with OSCR and accepted by them on 7th July 2011.

The charitable objects of FSLT are:

- To advance public participation in sport, primarily within the local authority area of Fife Council ("the Operating Area");
- To provide recreational facilities, and organise recreational activities, primarily within the Operating Area, with such facilities/activities being made available to members of the public at large with the object of improving their conditions of life;
- To advance education, primarily within the Operating Area, in particular in relation to sports, active recreation and physical activity;
- To advance health, primarily within the Operating Area, and in particular through sports, active recreation and physical activity;

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- To advance citizenship and or/community development, in particular, within the Operating Area;
- To relieve those in need by reason of age, ill health, disability, financial hardship or other disadvantage;
- To promote, establish, operate and/or support other similar schemes and projects which further charitable purposes.

Services Specification

FSLT provides sports and leisure services on behalf of Fife Council under the terms of a services specification. This is a detailed specification which is used to measure our performance.

FSLT is required to deliver on specific aims and objectives under three separate but linked strategic priorities:

- Widening Opportunities

Widening Opportunities is the level of participation in sport and active recreation that is experienced by the majority. It happens at the grass roots, where people take part in physical activity simply for fun and enjoyment or to improve their health and fitness.

- Developing Potential

Developing Potential is a process that creates opportunities and pathways which allows individuals to take up and fulfil their potential in sport. It is not just concerned with elite athletes, but recognises that the opportunities to progress are important in sustaining the interest and enjoyment which will encourage people of all ages and abilities to maintain a long term involvement with sport.

- Resources for Sport

FSLT is committed to the ongoing development of sport and active recreation through the provision of good quality, adequately resourced facilities and services that meet the needs and aspirations of both residents and visitors to Fife. It is evident that any progress in developing sport and active recreation in Fife will be dependent on the physical, human and financial resources which are made available by a number of public, private and voluntary sector agencies, but most importantly by Fife Council and FSLT.

STRATEGIC REPORT

Achievements

This section of the report summarises some of FSLT's achievements throughout 2015/16.

2015/16 was the eighth consecutive year in which FSLT delivered sports, recreation and physical activity services on behalf of Fife Council. Throughout the year FSLT continued to focus on its three strategic priorities which are central to the continuous success of the organisation – "Growing the Business, Making a Difference and Improving the Customer Experience". The priorities are intrinsically linked to the aims and objectives set out in the Services Agreement with Fife Council which requires FSLT to deliver on the following three strategic areas:

- Widening the level of participation in sport and active recreation
- Developing opportunities and pathways for people to take up and fulfil their potential in sport
- Providing good quality, adequately resourced facilities and services which meet the needs and aspirations of Fife residents and visitors to the area

FSLT again demonstrated its ability to enhance the customer experience and provide a high quality service to our users against the backdrop of diminishing budgets. This is clearly evidenced from the overall increase in attendances compared to previous years.

Work continued with a range of partners to achieve greater cohesion of policy, strategy and delivery of programmes across Fife's communities in order to realise the potential health benefits to Fifiers. This was in keeping with FSLT's mission to provide opportunities for customers to enjoy regular participation in sport and physical activity as part of a physically active lifestyle.

Resources were made available to deliver health and physical activity opportunities to vulnerable groups and communities thereby raising the profile of the organisation and providing pathways for individuals and groups to access facilities and programmes.

Despite the closure of Bowhill Swimming Pool for seven months 2,673,084 attendances were recorded at sport and leisure facilities, an increase of 63,640 (2.4%) compared to the previous year. All three of the Trust's key attendance categories recorded an increase: Wetside up by 2,849 (0.27%); Dryside up by 57,790 (4.45%) and Outdoor up by 29,155 (12.44%). User group attendances increased in all categories with Under 18s up by 1,155 (0.19%); the 18-60 age group up by 53,222 (3.2%) and the Over 60s group up by 8,863 (7%).

FSLT took responsibility for the management of a new community sports hub in Lumphinnans offering improved facilities and activities for the local community and a new home for the Fife Football Performance Academy. Also a new 3G floodlit outdoor

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synthetic turf pitch was added to the facilities at the Beacon Leisure Centre, Burntisland. A major refurbishment programme took place at Bowhill Swimming Pool and a number of small scale investment projects were delivered at sport and leisure facilities across Fife.

A new Learn to Swim Programme recognising the National Learn to Swim Framework for Scotland was developed and launched on 9th April 2016.

Fife Council continued to fund the Health Inequalities Programme. Funding also continued to be received from Macmillan Cancer for the Move More Fife initiative. Funding of £70k was awarded by Spirit of 2012, a Trust set up by the Big Lottery Fund, to allow FSLT to create the Mind and Be Active project to work with a range of Partners to deliver physical activity programmes for individuals with mental health issues and dementia.

Overall, FSLT secured £105,472 external funding to deliver health and physical activity and sports related programmes across Fife. This figure excluded funding which was received from Fife Council to deliver summer free swimming, Quid-a-Kid and the Health Inequalities programme.

FSLT's Leisure Active Membership Scheme offered customers with a choice of membership levels across the Company's portfolio of facilities and services. The Membership Scheme was used to promote the key messages of health and physical activity to existing and potentially new customers. Corporate memberships continued to be available for companies with 10 or more employees at a discounted level of 20%. 11,536 memberships were recorded at 31st March 2016. There were 833,391 Leisure Active attendances at sport and leisure facilities and health and physical activity programmes throughout the year, an increase of 2.4% on the previous year.

In an effort to drive continuous improvement throughout the organization Visit Scotland's destination services framework was used to self-assess the operation and performance of sport and leisure facilities. Kirkcaldy Leisure Centre and Pitreavie Athletics Centre were recognised as 3-Star Visit Destinations with the Michael Woods Sports and Leisure Centre and Duloch Leisure Centre being given 4-Star recognition. An Organisation Improvement Plan was introduced using the principles of the European Foundation for Quality Management (EFQM) to assist with the implementation of business improvement plans.

The Company's HR Strategy "Our People Strategy" Action Plan incorporated 44 planned activities within three strategic objectives – People Management, Leadership and Management Development and Learning and Improving. 26 results covering each of the three strategic objectives were recorded. The HR function provided support to the Operational Team on a number of managing change projects including the development of a Behaviour Standard and the development of a Company recruitment portal. The Healthy Working Lives Bronze standard and Investors in People Silver status was awarded in recognition of FSLT's approach to the management and development of its staff.

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The Health and Physical Activity Team continued to deliver services which have a long term beneficial impact on the local communities of Fife. The team was involved in developing and co-ordinating a range of programmes aimed at promoting recovery, and encouraging the inactive to become active. Overall 36,869 attendances were recorded as health and physical activity classes, an increase of 6,169 (21%) compared to the previous year.

A Health Inequality Programme offering new physical activity and health opportunities for vulnerable groups and individuals within Fife, including parents with young families, homeless people, unemployed people and pregnant women was delivered to enable individuals to access sport and leisure facilities free of charge. This was year 3 of a three-year programme, funded by Fife Council, with the primary aim to improve the health and self-esteem of individuals, reduce mental health issues, improve parenting practices and behaviour as well as improving early language development and academic achievement for young people.

An external consultant was appointed to carry out a Social Return on Investment (SROI) evaluation for the Health and Inequalities Programme. The evaluation concluded that the programme had provided considerable benefits, not only to the clients who participated in the programme, but to the organisations supporting them, as well as the local economy. The programme resulted in benefits to physical activity, mental health, family relationships and child development which in turn reduced clients' use of some statutory services.

Plans for future periods

The next three years will be challenging for FSLT and it will be important that the organisation develops a number of strategies in order to deal with the increasing and difficult financial climate. It is expected that the Management Fee which FSLT receives from Fife Council will reduce by 5% and there will be a requirement to avoid short term fixes and deliver services which are sustainable in the long term. To this end, a number of detailed reviews are under way including an examination of functional and business structures which support the Executive Management Team with the delivery of corporate and strategic goals.

A key focus will be on efficiency, business improvement, value for money and performance management, including rationalising and eliminating under-utilisation wherever possible and by taking a more commercial approach to achieving sources of new income.

The challenge for a business like FSLT will always be achieving and maintaining a balance between providing services that are commercially viable with those that are socially worthwhile or need to be delivered. Our current strategies have influenced the way in which FSLT has developed in recent years, particularly in how we have grown the business, improved the customer experience and made a difference to the people of Fife.

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We therefore have a strong foundation to build on and as the leading provider of sport, leisure and physical activity services in Fife, a key priority will be to ensure that activities and programmes are made accessible to all, affordable and customer-focused and delivered through the effective use of investment and resources whilst maximising the benefit of not-for-profit distributing status.

A Corporate Strategy will be developed to set out the future direction of the Company for the period 2017/20. The strategy will provide a strategic framework with a strong vision and clear priorities for the next three years to ensure that FSLT is a viable and sustainable business.

At a national level FSLT will work with other Scottish Trusts to strengthen links between NHS Scotland, community planning partners, charities and health and social care partnerships. As an organisation which is committed to improving the health of our nation, we will promote and raise awareness of the links between activity and physical activity and mental health and wellbeing across every community in Fife.

Financial Review

FSLT's financial results are shown on pages 18 and 19. FSLT's operating deficit (before actuarial adjustment) for the year ended 31 March 2016 was £587,049. Once the actuarial adjustment is taken into account, the position for the year was a surplus of £3,049,951. Excluding the full impact of accounting for retirement benefits the operating surplus of FSLT was £153,897, an improvement upon the budgeted deficit for the year of £94,000. This equates to an under spend in expenditure budgets of approximately 3%, offset by an underachievement of 1.4% in generated income.

Almost a quarter of the Trust's funding was provided by Fife Council, to operate its leisure centres, fund Council priorities such as free summer swimming and health and inequalities projects, and ensure that the Trust can promote its charitable objectives, in particular enabling the Trust to provide affordable access for all. The majority of the remainder of the Trust's funding comes from customers, and a minor element from grant funding partners with shared goals in promoting the health and wellbeing of people in Fife. This invaluable funding enables the Trust to work with target groups to create sustainable activity programmes for the future.

Financial Future

FSLT is forecasting a deficit of £357,000 for the financial year 2016/17, as a result of the reductions in the management fee identified in the Fife Council's budget set in February 2016, and increased costs from legislative requirements. It was agreed by the Board to fund this deficit as a one-off from reserves, subject to implementing measures, where possible, to minimise the deficit during the year without significantly impacting on customers. This course of action was identified to enable detailed reviews of service provision to be undertaken and information gathered to ensure any future reductions in service required as a result of reductions in funding would have the least impact on the customer.

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As long as there are no major unexpected events, FSLT has built up sufficient reserves to offset this deficit and remain within its required minimum reserves balance.

Financial Monitoring

Both the Audit, Finance and Compliance Committee and the Board scrutinise and monitor the financial performance of FSLT through regular monitoring reports. The reports review FSLT's cash flow position and compare actual income and expenditure against agreed budget figures and previous year actuals.

Reserves Policy

FSLT's Reserves Policy allows for some protection against unexpected fluctuations in both income and expenditure and for temporary disruption and/or cessation of service delivery. The approved minimum reserves level for general funds has been set at a target of £750,000 prior to the pension deficit. At the end of the reporting period FSLT's general reserves were £817,000, above the minimum policy level.

The Directors have established a number of Designated Funds for the reinvestment of surpluses into key areas to grow the business and achieve FSLT's charitable objectives. An explanation of each of these Funds can be found at note 19 in the notes to the financial statements. As the key priority area over the next three years is to fund the replacement of equipment in the gyms, all funding has been transferred to the Gym Replacement Fund with the exception of the Equipment Write-down Fund.

Company Risk

There is a Business Risk Register which identifies the major risks to which FSLT is exposed. This strategic document is reviewed and reported on by the Board at regular intervals to assist in managing the risks to FSLT. One of the biggest risks facing FSLT will be maintaining financial stability and service delivery and the impact on income generation and reduced levels of government support.

FSLT, in managing these risks, match expenditure to income through its established processes of continuous parallel monitoring, initiating appropriate action, derived from a realistic evaluation of what can be achieved following robust reviews of spending priorities, income sourcing and efficiencies.

DIRECTORS REPORT

Structure, Governance and Management

Fife Sports & Leisure Trust Limited is a Company limited by guarantee, registered in Scotland on 10th January 2008 with Company number SC336004. FSLT is governed by its Articles of Association, and does not have a share capital. Fife Council is the sole member of FSLT. FSLT has charitable status under Section 505 of the Income and Corporation Taxes Act 1988 and the Scottish Charity Number is SC039464. FSLT was granted charitable status on 28th March 2008 and commenced trading on 1st April 2008. Any surpluses generated by FSLT are reinvested to improve the services which are provided to the communities in Fife.

Directors

In terms of FSLT's Articles of Association, the maximum number of Directors shall be 13; out of that number:

- A maximum of 6 Directors shall be Partner Directors – Partner Directors can be drawn from elected members, officers or employees of Fife Council;
- A maximum of 7 Directors shall be Independent Directors – Independent Directors are typically drawn from representatives of local business, communities, the sporting sector and centre users. They must not be elected representatives, officers or employees of Fife Council or employees of Fife Sports and Leisure Trust;
- The list of current Directors is noted on page 13.

Policies and Procedures for Induction and Training of Directors

In accordance with FSLT's Articles of Association, Fife Council as the sole member is responsible for the appointment of new Directors. As new Directors join the Board, they receive a full induction aimed at familiarising them with their role and legal responsibilities under charity and company law. This includes a meeting with the Chair and CEO, receiving copies of corporate documents e.g. policies, corporate strategy etc and visits to sports and leisure centres to tour buildings and meet staff. The induction programme is continually reviewed and amended in light of any changes.

Board Structure

The Board of Directors meet on six occasions throughout the year. These meetings are held with senior management representatives to consider the business of FSLT.

Four Committees meet in the periods between Board Meetings to consider items of business and to make formal recommendations to the full Board of Directors.

Board Committees exist in the following areas:

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- Human Resources Committee – to deliberate on human resource and policy matters.
- Audit, Finance and Compliance Committee – to consider the financial aspects of FSLT
- Business Performance Committee – to monitor the performance of FSLT and to consider infrastructure issues and business development initiatives
- Health and Physical Activity Committee – to consider issues relating to physical activity in Fife and to make any necessary recommendations on the programmes/projects implementation within FSLT to the Board of Directors

In addition there exists an Appointments and Remunerations Committee which is to be responsible for the appointment process for the Chief Executive's position and to assist in the recruitment of Directors. A Nominations Committee also exists to deal with the selection of the Chair and Vice Chair of the Board.

Executive Management Team

The Executive Management Team has responsibility for the overall management and development of FSLT's activities. The Executive Management Team comprises:

Ed Watson	Chief Executive
Wendy Watson	Chief Operating Officer
Glen Rorrison	Corporate Services Manager
Lana Turnbull	Human Resources Manager

Senior Management Team

The Senior Management Team is responsible for leading key aspects of the business. The Senior Team comprises:

Scott Urquhart	Operations Manager (Sport and Leisure Centres)
Jacque Stringer	Health and Physical Activity Manager
Rob Adamson	Business Improvement Manager
Martin Rae	Safety and Facilities Manager
Danielle Gahan	Sales and Membership Manager

James Dunbar	Area Leisure Managers
Sharon Johnstone	
Paul Hossack	
Allan Reid	

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No member of the Board receives remuneration. The arrangements for the setting of pay and remuneration for the Executive Management Team are aligned to those of Fife Council, the sole member of FSLT. These positions were established using the Fife Council Job Evaluation Scheme adopting the principles of the National Single Status and Chief Officers Agreements.

Sport and Leisure Facilities

FSLT is responsible for the operation and management of the following facilities:

Beacon Leisure Centre
Lammerslaws Road
Burntisland, KY3 9BS

East Sands Leisure Centre
St Mary Street
St Andrews, KY16 8LH

Bowhill Swimming Pool
141 Station Road, Bowhill
Lochgelly, KY5 0BW

Michael Woods Sports and Leisure Centre
Viewfield Road
Glenrothes KY6 2RB

Carnegie Leisure Centre
Pilmuir Street
Dunfermline KY12 0QE

Kirkcaldy Leisure Centre
Esplanade
Kirkcaldy KY1 1HR

Cowdenbeath Leisure Centre
7 Pit Road
Cowdenbeath KY4 9NN

Levenmouth Swimming Pool and Sports
Centre
Promenade
Leven KY8 4PA

Cupar Sports Centre
Carslogie Road
Cupar KY15 4HY

Pitreavie Athletics Centre
Queensferry Road
Dunfermline KY11 8PP

Dalgety Bay Sports and Leisure
Centre
Harbour Drive
Dalgety Bay KY11 9NA

Waterstone Crook Sports Centre
Kirk Brae
Newport on Tay DD6 8HY

Duloch Leisure Centre
Nightingale Place
Dunfermline KY11 8LW

Lumphinnans Sports Hub
31 Gagarin Way
Lumphinnans, KY4 9HW

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Reference and administrative details

Trustees

The directors of FSLT (who are also the trustees for the purposes of charity law) who held office during the period and to date are as follows:

Partner Directors

J Rosiejak (Vice Chairperson)
A Callaghan
L Erskine
B Goodall
P Lockhart
E Rowand (appointed 15 February 2016)
B Livingston (resigned 15 February 2016)

Independent Directors

S C Stewart (Chairperson)
T R Campbell
D C Watt
E L Wallace
K Murphy
A Buchanan (appointed 8 June 2015)
C McDonald (appointed 29 July 2016)
K Punler (resigned 1 October 2015)

Secretary

G S Rorrison

Registered Office

Music Institute
East Port
Dunfermline
KY12 7JA

Auditor

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Charity registration number
Company registration number

Bankers

Royal Bank of Scotland
3 Falkland Gate
Kingdom Centre
Glenrothes
KY7 5NS

Solicitors

Burness Paull
50 Lothian Road
Edinburgh
EH3 9WJ

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SC336004

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Statement of Directors' Responsibilities

The Directors (who are the trustees of the charity for the purposes of charity law) are responsible for preparing the report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of FSLT and of incoming resources and application of resources, including the income and expenditure, of FSLT for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that FSLT will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of FSLT and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of FSLT and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on FSLT's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the Auditor

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- So far as the director is aware, there is no relevant information of which FSLT's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information, and to establish that FSLT's auditor is aware of the information.

Auditor

The auditor, Scott-Moncrieff, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

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Directors' report (incorporating the strategic report)
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In approving the Directors' Report, the directors are also approving the Strategic Report in their capacity as company directors.

Approved by the Board on 6th October 2016 and signed on its behalf by:

S C Stewart
Chairperson

Fife Sport & Leisure Trust Limited
Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited
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Independent Auditor's Report to the Directors and Members of Fife Sport & Leisure Trust Limited

We have audited the financial statements of Fife Sport & Leisure Trust Limited for the year ended 31 March 2016 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' responsibilities, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Annual Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Nick Bennett (Senior Statutory Auditor)
For and on behalf of Scott-Moncrieff, Statutory Auditor
Scott-Moncrieff is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date.....

Fife Sport & Leisure Trust Limited
Statement of financial activities (incorporating an income and expenditure account)
For the year ending 31st March 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Income from:					
Donations		6,000	-	6,000	92,725
Charitable activities	4	11,340,879	80,727	11,421,606	10,947,237
Investments	5	4,648	-	4,648	8,309
Total income		11,351,527	80,727	11,432,254	11,048,271
Expenditure on:					
Charitable activities	6	(11,963,140)	(56,163)	(12,019,303)	(11,843,085)
Total expenditure		(11,963,140)	(56,163)	(12,019,303)	(11,843,085)
Net income/(expenditure)		(611,613)	24,564	(587,049)	(794,814)
Transfers between Funds	19	(490)	490	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	10	3,637,000	-	3,637,000	(1,996,000)
Net movement in funds		3,024,897	25,054	3,049,951	(2,790,814)
Reconciliation of funds:					
Total funds brought forward		(4,771,063)	1,819	(4,769,244)	(1,978,430)
Total funds carried forward		(1,746,166)	26,873	(1,719,293)	(4,769,244)

All of the above results are derived from continuing activities. All gains and losses recognised in the period are included above.

The notes on pages 21 to 39 form part of these financial statements

Fife Sport & Leisure Trust Limited
Balance Sheet
As at 31st March 2016

	Note	2016 £	2016 £	2015 £
Fixed assets:				
Tangible Assets	11		689,613	905,914
Current Assets:				
Stocks	12	5,130		6,798
Debtors	13	405,000		340,459
Cash at bank and in hand		2,853,070		2,379,407
Total Current Assets		3,263,200		2,726,664
Liabilities:				
Creditors: amounts falling due within one year	14	(1,894,106)		(1,752,822)
Net current assets/(liabilities)			1,369,094	973,842
Total assets less current liabilities			2,058,707	1,879,756
Defined benefit pension scheme liability	10		(3,778,000)	(6,649,000)
Total net assets/(liabilities)			(1,719,293)	(4,769,244)
The funds of the charity:				
Unrestricted funds	19		2,031,834	1,820,937
Restricted income funds	19		26,873	1,819
Pension reserve	19		(3,778,000)	(6,592,000)
Total funds			(1,719,293)	(4,769,244)

The financial statements were approved and authorised for issue by the Board on 6th October 2016 and signed on its behalf by:

S C Stewart
Chairperson

Registered number SC336004

Fife Sport & Leisure Trust Limited
Statement of cash flows
For the year ending 31st March 2016

	Note	2016 £	2015 £
Cash Flows from Operating Activities			
Net cash provided by/(used in) operating activities	20	597,803	241,938
Cash Flow from Investing Activities:			
Purchase of property, plant and equipment		(128,788)	(165,793)
Interest received		4,648	8,309
Net cash provided by/(used in) investing activities		(124,140)	(157,484)
Change in cash and cash equivalents in the reporting period		473,663	84,454
Cash and cash equivalents at the beginning of the reporting period		2,379,407	2,294,953
Cash and cash equivalent at the end of the reporting period		2,853,070	2,379,407

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

1. Accounting Policies

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

Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended).

Fife Sport & Leisure Limited (FSLT) meets the definition of a public benefit entity under FRS 102 and has taken advantage of paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of FSLT's activities.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which FSLT's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgements in the process of applying accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Before 2016 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006, and referred to as "previous UK GAAP". The financial effects of the transition to FRS 102 are set out in note 2.

Income and expenditure statement

Owing to the special nature of the business of FSLT and in the interests of presenting the results clearly to the members, it is considered inappropriate to adhere to the income and expenditure format described under section 400 of the Companies Act 2006. A statement of financial activities has been prepared in a form which is considered to give the members a true and fair view of the results for the period and which also complies with the requirements of Section 400 of the Act and Statement of Recommended Practice applicable to charities (Charities SORP (FRS 102)).

Going Concern

The directors are of the opinion that FSLT can continue to meet its obligations as they fall due for the foreseeable future. As a consequence the directors have prepared the financial statements on a going concern basis.

Income

Activities for generating income are accounted for on an accruals basis.

Income from Fife Council is accounted for on an accruals basis and is agreed in advance based on the level of service provided.

Investment income is accounted for on an accruals basis.

Expenditure

All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to a cost heading, they have been allocated on a basis consistent with use of the resources.

Funds

Funds are classified as either unrestricted funds or restricted funds, defined as follows:

Unrestricted funds are expendable at the discretion of the Board in furtherance of the objectives of Fife Sports & Leisure Trust Limited. If part of the unrestricted funds is earmarked at the discretion of the Board for a particular project it is designated as a separate fund. This designation has an administrative purpose only, and does not legally restrict the Board's discretion to apply the fund.

Restricted funds are funds subject to specific trusts, which may be declared by the donor or with their authority. Some are restricted income funds expendable at the discretion of the Board in furtherance of a particular activity, such as government grants for a specific centre, and funds raised for particular client groups or activities. Others are capital funds where the assets are required to be invested for long term use.

Tangible Fixed Assets and Depreciation

FSLT capitalises tangible assets costing £1,000 or more. Any irrecoverable VAT related to the assets capitalised is recognised as an expense in the statement of financial activities in the year of purchase.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

Fixtures & fittings	- Over 20 years
Equipment	- Over 3 to 5 years
Motor vehicles	- Over 5 years

Stock

Stocks of materials and consumables are stated at the lower of cost and net realisable value in the ordinary course of operating.

Debtors

Trade debtors are amounts due from customers for services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at fair value.

Financial assets and financial liabilities

Financial instruments are recognised in the Statement of Financial Activities when FSLT becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method, all financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from asset to expire, or when the charitable company has transferred substantially all the

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Pensions

FSLT participates in Fife Council Pension Fund, a Local Government Pension Scheme, which is a defined benefit pension scheme. The Fund is administered by Fife Council in accordance with the Local Government Scheme (Scotland) Regulations 1998 as amended. All existing and new employees have the option of joining the Fund. The assets and liabilities of the scheme are held separately from those of FSLT in an independently administered fund.

The pension costs charged in the period are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service life of employees in the scheme, so as to ensure that the regular pension costs represent a substantially level percentage of the current and expected future pensionable payroll. Variations from regular costs are spread over the remaining service lives of current employees in the scheme.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Financial Activities. All costs related to the defined benefit scheme are recognised in the Statement of Financial Activities.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Leases

Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Taxation

FSLT is exempt from tax on income and gains falling within section 505 (1) of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

2. Transition to FRS 102

These financial statements for the year ended 31st March 2016 are FSLT's first financial statements that comply with the FRS 102. FSLT's date of transition to FRS 102 is 1st April 2014. FSLT's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31st March 2015.

The transition to FRS 102 has resulted in a number of changes in FSLT's accounting policies compared to those used when applying previous UK GAAP.

The following explanatory notes to the financial statements describe the differences between the funds and income and expenditure presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended 31 March 2015 (i.e. comparative information), as well as the funds presented in the opening statement of the balance sheet (i.e. at 1st April 2014). It also describes the changes in accounting policies made on first-time adoption of FRS 102.

In the table below, funds determined in accordance with FRS 102 are reconciled to funds determined in accordance with previous UK GAAP at both 1st April 2014 (the date of transition to FRS 102) and 31st March 2015.

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

	At 1 st April 2014			At 31 st March 2015		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP restated	Effect of transition	FRS 102
	£	£	£	£	£	£
Fixed assets:						
Tangible fixed assets	1,146,512	-	1,146,512	905,914	-	905,914
Current assets:						
Stocks	11,512	-	11,512	6,798	-	6,798
Debtors	314,372	-	314,372	340,459	-	340,459
Cash at bank and in hand	2,294,953	-	2,294,953	2,379,407	-	2,379,407
Liabilities:						
Creditors:						
Amounts falling due within one year	(1,641,779)	(100,000)	(1,741,779)	(1,648,822)	(104,000)	(1,752,822)
Net current assets	979,058	(100,000)	879,058	1,077,842	(104,000)	973,842
Total assets less current liabilities	2,125,570	(100,000)	2,025,570	1,983,756	(104,000)	1,879,756
Pension fund liability	(4,004,000)	-	(4,004,000)	(6,649,000)	-	(6,649,000)
Total net liabilities	(1,878,430)	(100,000)	(1,978,430)	(4,665,244)	(104,000)	(4,769,244)
The funds of the charity:						
Unrestricted funds	788,644	(100,000)	688,644	768,604	(104,000)	664,604
Designated funds	1,278,381	-	1,278,381	1,156,333	-	1,156,333
Pension reserve	(3,947,000)	-	(3,947,000)	(6,592,000)	-	(6,592,000)
Restricted funds	1,545	-	1,545	1,819	-	1,819
Total charity funds	(1,878,430)	(100,000)	(1,978,430)	(4,665,244)	(104,000)	(4,769,244)

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

Reconciliation of net movement in funds for the year ended 31st March 2015

	Notes	Previous UK GAAP £	Effect of transition £	FRS 102 £
Income from:				
Donations		92,725	-	92,725
Charitable activities		10,947,237	-	10,947,237
Investments		8,309	-	8,309
Total		11,048,271		11,048,271
Expenditure on:				
Charitable activities	(a),(b)	(11,512,085)	(331,000)	(11,843,085)
Total		(11,512,085)	(331,000)	(11,843,085)
Net income/(expenditure)		(463,814)	(331,000)	(794,814)
Other recognised gains/(losses):				
Actuarial gains/(losses) on defined benefit pension scheme		(2,323,000)	327,000	(1,996,000)
Net movement in funds		(2,786,814)	(4,000)	(2,790,814)

(a) In accordance with FRS 102, a provision for paid annual leave has been recognised at the date of transition, 1st April 2014. The movement in the provision for the year ended 31st March 2015 has also been recognised as an effect of transition.

(b) Recognition of the adjustments to the defined benefit pension scheme have been restated under FRS 102.

3. Critical judgements and estimates

In preparing the financial statements, directors make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Critical judgements are made in the application of income recognition accounting policies, and the timing of the recognition of income in accordance with the Charities SORP (FRS 102).

Defined benefit pension and other post employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

4. Income

The sole charitable activity undertaken by FSLT is the provision of sport and leisure facilities.

Provision of sport and leisure facilities	2016		Total	2015
	Unrestricted	Restricted		Total
	£	£	£	£
Management service fee from Fife Council	2,706,027	-	2,706,027	2,733,509
Admissions etc.	4,207,053	-	4,207,053	4,129,757
Membership	3,401,971	-	3,401,971	3,156,844
Resaleable goods	223,705	-	223,705	87,094
Outdoor facilities	459,165	-	459,165	414,212
Gym income	250,235	-	250,235	262,216
Other income	92,723	80,727	173,450	163,605
	11,340,879	80,727	11,421,606	10,947,237

Income on charitable activities was £11,421,606 (2015: £10,947,237) of which £11,340,879 was unrestricted (2015: £10,895,371) and £80,727 (2015: £51,866) was restricted. All other income was unrestricted.

5. Investment Income

	2016	2015
	£	£
Bank and other interest	4,648	8,309

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

6. Analysis of expenditure on charitable activities

The sole charitable activity undertaken by FSLT is the provision of sport and leisure facilities.

Provision of sport and leisure facilities	Activities undertaken directly	2016 Support costs	Total	2015 Total
	£	£	£	£
Unrestricted				
Employee costs	9,097,781	-	9,097,781	9,096,511
Property costs	422,921	-	422,921	259,391
Supplies and services	1,819,622	37,358	1,856,980	1,799,723
Transport costs	44,221	-	44,221	51,435
Depreciation	313,237	-	313,237	403,433
Other finance costs	228,000	-	228,000	181,000
	11,925,782	37,358	11,963,140	11,791,493

Provision of sport and leisure facilities	Activities undertaken directly	2016 Support costs	Total	2015 Total
	£	£	£	£
Restricted				
Employee costs	36,742	-	36,742	18,784
Property costs	4,800	-	4,800	4,892
Supplies and services	11,246	-	11,246	26,634
Transport costs	3,375	-	3,375	1,282
	56,163	-	56,163	51,592

7. Analysis of support costs

	General support	2016 Governance	Total	2015 Total
	£	£	£	£
Audit fees	-	9,780	9,780	11,500
Legal fees	-	27,578	27,578	40,102
	-	37,358	37,358	51,602

FSLT receives support services from Fife Council free of charge. It has not been possible to reliably value the provision of these services and therefore no support costs have been disclosed in these financial statements.

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

8. Net income/(expenditure) for the year

	2016	2015
	£	£
This is stated after charging/(crediting)		
Auditors' remuneration (including expenses)		
for audit	9,780	11,500
for other services	-	-
Depreciation	313,237	403,433

9. Staff Costs and Numbers

The remuneration and associated staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	7,247,893	7,249,930
Social security costs	364,631	390,365
Pension costs – service charge cost	1,522,000	1,475,000
	<u>9,134,524</u>	<u>9,115,295</u>

The average number of employees during the year was:

	2016	2015
	Number	Number
Employees	<u>343</u>	<u>340</u>

The number of employees whose emoluments amounted to £60,000 or more in the year were as follows:

	2016	2015
	Number	Number
£60,000 - £70,000	-	-
£70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

The key management personnel of FSLT comprise the Board and the Executive Management Team. The total employee benefits of the Executive Management Team were £286,777 (2015: £275,690).

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

No member of the Board received remuneration or expenses (2015: £nil). Directors indemnity insurance was in place during the year.

10. Pension Costs

Fife Sport & Leisure Trust Limited is an admitted body of the Fife Council Pension Fund. The Superannuation Fund is a defined benefit scheme into which employee' and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are tiered and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31 March 2014.

The movement in the defined benefit obligation over the year is as follows:

	31st March 2016	31st March 2015
	£'000	£'000
Opening defined benefit obligation	29,174	22,792
Current service cost	1,522	1,475
Interest cost	987	1,010
Plan participants contributions	309	317
Actuarial losses/(gains)	(4,380)	3,907
Estimated benefits paid	(364)	(327)
	<u>27,248</u>	<u>29,174</u>
Closing defined benefit obligation	<u>27,248</u>	<u>29,174</u>

The movement in the fair value of plan assets in the year is as follows:

	31st March 2016	31st March 2015
	£'000	£'000
Opening fair value of plan assets	22,525	18,788
Interest income on plan assets	759	829
Plan participants contributions	309	317
Contributions by the employer	984	1,007
Actuarial (losses)/gains	(743)	1,911
Estimated benefits paid	(364)	(327)
	<u>23,470</u>	<u>22,525</u>
Closing fair value of plan assets	<u>23,470</u>	<u>22,525</u>

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

Amounts recognised in net income/expenditure (per SOFA):

	31st March 2016	31st March 2015
	£'000	£'000
Current service cost	(1,522)	(1,475)
Total service cost	(1,522)	(1,475)
Net interest		
Interest income on plan assets	759	829
Interest cost on defined benefit obligation	(987)	(1,010)
Total net interest	(228)	(181)
Total defined benefit cost recognised in net income/expenditure per the SOFA	(1,750)	(1,656)

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

	31st March 2016	31st March 2015
	%	%
Equities	68	72
Bonds	16	16
Property	10	8
Cash	6	4

The estimated employer contributions for the year to 31st March 2017 are £984,000.

The actual return on the fund from 1st April 2015 to 31 December 2015 was (1.6%).

The principal actuarial assumptions used in the calculations are:

	31st March 2016	31st March 2015
	% per annum	% per annum
Pension Increase Rate	2.2	2.5
Salary Increase Rate	3.4	3.6
Discount Rate	3.6	3.3

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.0 years	23.7 years
Future Pensioners	24.1 years	26.4 years

11. Tangible fixed assets

	Fixtures & fittings	Motor vehicles	Sports equipment	Other equipment	Total
	£	£	£	£	£
Cost					
As at 1 April 2015	174,882	10,605	1,607,331	449,424	2,242,242
Additions	-	-	43,253	85,535	128,788
Disposals	-	-	(15,985)	(29,726)	(45,711)
As at 31 March 2016	<u>174,882</u>	<u>10,605</u>	<u>1,634,599</u>	<u>505,233</u>	<u>2,325,319</u>
Depreciation					
As at 1 April 2015	26,232	7,682	1,067,826	234,588	1,336,328
Charge	8,744	2,121	224,698	77,674	313,237
On disposal	-	-	(11,767)	(2,092)	(13,859)
As at 31 st March 2016	<u>34,976</u>	<u>9,803</u>	<u>1,280,757</u>	<u>310,170</u>	<u>1,635,706</u>
Net book value					
As at 31 March 2015	148,650	2,923	539,505	214,836	905,914
As at 31 March 2016	<u>139,906</u>	<u>802</u>	<u>353,842</u>	<u>195,063</u>	<u>689,613</u>

12. Stock

	2016	2015
	£	£
Goods for Resale	<u>5,130</u>	<u>6,798</u>

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

13. Debtors

	2016	2015
	£	£
Trade debtors	133,150	123,932
Prepayments and accrued income	206,323	119,259
Fife Council	65,527	97,268
	<u>405,000</u>	<u>340,459</u>

14. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	189,241	201,965
Accruals	1,205,393	1,285,364
Social security costs and other taxes	136,720	143,233
Fife Council	332,136	119,014
Fife Cultural Trust	30,616	3,246
	<u>1,894,106</u>	<u>1,752,822</u>

15. Deferred income

Deferred income arises mainly where payments are made in advance by customers for services which were not received in full by the end of the financial year. This would include: payments for blocks of swimming tuition and other coaching, annual Leisure Active memberships where access will be provided for part of the following year, and also payments for bookings such as pool parties.

	2016	2015
	£	£
Balance as at 1 April	418,836	447,800
Amounts released during the year	(383,309)	(447,800)
Amounts deferred during the year	534,478	418,836
Balance at 31 March	<u>570,005</u>	<u>418,836</u>

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

16. Financial assets and liabilities

	2016	2015
	£	£
Financial assets at amortised cost	3,125,868	2,612,370
Financial liabilities at amortised cost	(1,187,381)	(1,190,753)
	<u>1,938,487</u>	<u>1,421,617</u>

Financial assets comprise trade debtors, accrued income, amounts due from Fife Council and cash and bank balances.

Financial liabilities comprise trade creditors, accruals and amounts due to Fife Council and Fife Cultural Trust.

17. Share Capital

FSLT is limited by guarantee of £1 per member and has no share capital.

18. Analysis of net assets between funds

Funds	Unrestricted	2016	Total	2015
	£	Restricted	£	Total
		£		£
Balance at 31 st March 2016				
Represented by:				
Fixed assets	689,613	-	689,613	905,914
Net current assets	1,342,221	26,873	1,369,094	973,842
Retirement benefit scheme	(3,778,000)	-	(3,778,000)	(6,649,000)
	<u>(1,746,166)</u>	<u>26,873</u>	<u>(1,719,293)</u>	<u>(4,769,244)</u>

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

19. Reserves

Unrestricted fund

	Opening Balance	Incoming	Outgoing	Transfers	Actuarial Loss	Closing Balance
	£	£	£	£	£	£
General fund	664,604	11,351,527	(10,961,178)	(237,268)	-	817,685

Designated funds:

Equipment write down fund	699,792	-	(235,962)	124,268	-	588,098
Gym replacement fund	370,000	-	-	256,541	-	626,541
IT development fund	10,000	-	-	(10,000)	-	-
Health & physical activities development fund	50,000	-	-	(50,000)	-	-
Facility investment fund	26,541	-	-	(26,541)	-	-
Pension reserve	(6,592,000)	-	(766,000)	(57,000)	3,637,000	(3,778,000)
Restricted	-	-	-	(490)	-	(490)
	(4,771,063)	11,351,527	(11,963,140)	(490)	3,637,000	(1,746,166)

Equipment write down fund – established to fund the depreciation on capital expenditure.

Gym Equipment Replacement Fund – established to finance the replacement of gym equipment over the next 4-5 years.

IT Development Fund – established to fund the development of FSLT’s Leisure Information Management Booking system to allow for online bookings and payments and management reporting.

Health & Physical Activities Development Fund – established to develop and expand health and wellbeing programmes.

Facility Investment Fund – established to enhance sport and leisure facilities.

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

Restricted Funds	Opening			Transfer	Closing
	Balance	Income	Expenditure		
	£	£	£	£	£
Cardiac Rehabilitation	460	-	(411)	-	49
Cancer Rehabilitation	587	44,721	(45,308)	-	-
Active Options	772	-	-	-	772
Cinema Project	0	1,119	(1,119)	-	-
Mind and Be Active Project	0	34,887	(9,325)	490	26,052
Totals	1,819	80,727	(56,163)	490	26,873

The Cardiac Rehabilitation fund is used to fund programmes and events, run in conjunction with external partners, to improve the health of Fife residents with cardiac conditions.

The Cancer Rehabilitation fund was used to fund programmes and events, run in conjunction with external partners, to improve the health of Fife residents with cancer.

The Active Options fund is used to fund programmes, run in conjunction with external partners, to improve the health of Fife residents at risk of obesity, high blood pressure, diabetes and heart disease.

The Community Cinema fund was used to set up a cinema in Cowdenbeath Leisure Centre.

The Mind and Be Active Project is funded by Spirit of 2012, a Trust established by the Big Lottery Fund, to deliver a programme aimed at helping those suffering from dementia and mental health issues.

Fife Sport & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2016

20. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the SOFA)	(587,049)	(794,814)
Adjustments for:		
Interest received	(4,648)	(8,309)
Depreciation	313,237	403,433
Loss on disposal of PPE	31,852	2,958
Net cost in respect of pensions	766,000	649,000
(Increase)/decrease in stock	1,668	4,714
(Increase)/decrease in debtors	(64,541)	(26,087)
Increase/(decrease) in creditors	141,284	11,043
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	597,803	241,938
	<hr/> <hr/>	<hr/> <hr/>

21. Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand	2,853,070	2,379,407
	<hr/>	<hr/>
Total cash and cash equivalents	2,853,070	2,379,407
	<hr/> <hr/>	<hr/> <hr/>

22. Related parties

Fife Council made a contribution in line with the Services Agreement of £2,706,027 (2015: £2,733,509). Facilities were leased to FSLT for a peppercorn rent. Fife council also provided various support functions including Legal, Finance and IT for which FSLT received free of charge. Details of sums due to/from Fife Council are disclosed in notes 13 and 14.

Fife Sport & Leisure Trust Limited
Notes to the financial statements
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23. Operating lease commitments

	2016		2015
	Other	Total	Total
	£	£	£
Operating Leases which expire:			
Not later than one year	-	-	-
Later than one year and not later than five years	14,652	14,652	-
Later than five years	-	-	-
	<u>14,652</u>	<u>14,652</u>	<u>-</u>

There is a peppercorn rent paid to Fife Council for the use of premises for the provision of recreation and leisure facilities on behalf of the Council, with an agreement in place for the period to 2033. In addition there is an interim agreement in place with Fife Cultural Trust for rental of premises, however there is currently no formal lease in place. The rental is likely to be in the region of £33,000 for 2016 (£30,000: 2015).

24. Capital commitment

FSLT is contracted for the sum of £13,159 (2015: £34,255). This has not been provided for in the accounts.

25. Ultimate holding organisation

The sole member of FSLT is Fife Council. The annual accounts of Fife Council, which consolidate the results of FSLT may be obtained from Fife House North Street Glenrothes Fife KY7 5LT.