

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

Report and Financial Statements for the
Year ended 31 March 2020

Registered number SC336004

Charity number SC039464

Fife Sports & Leisure Trust Limited

Contents

| | Page |
|---|---------|
| Directors' Report (incorporating the strategic report) | 1 - 15 |
| Independent auditor's report | 16 - 18 |
| Statement of financial activities (incorporating an income and expenditure account) | 19 |
| Balance sheet | 20 |
| Statement of cash flows | 21 |
| Notes to the financial statements | 22 - 39 |

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

The Directors are pleased to present their Report and Financial Statements for the year ending 31st March 2020. 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).

Charitable Objects

The principle activity of Fife Sports and Leisure Trust (FSLT) is the provision of sport, recreation and health and wellbeing services delivered from 14 facilities on behalf of Fife Council in accordance with the following charitable objects:

- 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;
- 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 disadvantages; and
- 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 the organisation's performance.

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

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.

FSLT's Vision and Mission

FSLT is a company whose purpose is to make a positive difference to communities by creating opportunities for people in Fife to become more active more of the time. This is achieved by the services delivered from sport centres, swimming pools, outdoor facilities and an athletics centre. Through this property portfolio our employees and partners deliver a wide range of programmes and services on a weekly basis.

Our vision is "Making a difference by delivering opportunities for people in Fife to become active".

Our mission is "Growing the Business, Improving the Customer Experience and Making a Difference".

Our vision and mission shape the strategic context in which FSLT will operate during 2017/20. The strategy provides a high-level overview of what we aim to achieve and the priority actions we need to take measured against a range of desired outcomes.

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

Review of the Year

Notwithstanding the scale of the financial and organisational challenges FSLT is facing, a considerable amount of work was undertaken to develop and deliver high quality services and programmes with dedicated knowledge, professionalism, and passion. Some of the challenges included:

A service redesign to reduce 58 operational hours across 6 venues. This phased programme was successfully completed in January 2020 with limited impact on usage uptake and income from the venues that were targeted.

A full closure of all venues from the 18th March 2020 due Covid-19, resulting in 13 days loss of operational capacity and income. This had a direct impact on the usage and income for several venues and requires to be taken into account when considering FSLT's overall performance review.

Prior to the closure of the venues, overall attendances were on course to be 5% higher than the previous year.

Despite the challenges, the year saw an introduction of a number of initiatives designed to widen access to our services, increase levels of income, contain operating costs and focus on our journey of continuous improvement to meet the expectations of our customers.

Making a positive difference to our communities remained a priority, with our Operational and Health and Wellbeing teams each continuing to make an outstanding contribution to implementing national and local strategies. Work was also undertaken to promote community health and physical activity. Initiatives were developed to support older adults and those living with long-term health conditions and FSLT remained committed to engaging with children and young people to promote a life-long interest in physical activity.

FSLT also had a far-reaching and significant role to play in supporting Fife Council to deliver its Plan4Fife, particularly within the area of community planning. Examples of initiatives delivered included:

- Providing career awareness opportunities for young people to attend Lifeguard training courses and obtain work experience in sport and leisure centres;
- Supporting economic growth by being a purchaser of supplies and services from local companies;
- Providing volunteering opportunities for people who want to put something back into the community;
- Giving unemployed people looking for work the opportunity to keep active at a reduced cost; and
- Providing discounted access to facilities and services for local businesses to encourage their workforce to remain healthy and reduce sickness absence
- Adopting corporate social responsibility as a means of 'giving something back' to the communities of Fife

At a national level FSLT continued its membership with Community Leisure UK (formerly SPORTA) who specialise in representing charities and social enterprises delivering public leisure and cultural services across England, Scotland and Wales. As a member of Community Leisure UK, FSLT is committed to helping to achieve the principles of best value

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

and the sharing of knowledge, expertise, and best practice.

Key highlights at a glance

- There were over 2.5 million visits to sport and leisure facilities, which was an increase on 2018/19 of 0.62%. There was an increase in attendances at four sport and leisure facilities including Carnegie (3.2%), Dalgety Bay (14.7%), Levenmouth (92.8%), Lumphinnans (17.8%).
- In 2018/19 Fife Council funded capital expenditure at Levenmouth Swimming Pool and Sports Centre and Dalgety Bay Leisure Centre at a cost of £1.65m. The benefits derived from the investment has allowed for more opportunities for local people to become more active, attract new customers while supporting social interaction and rewarding loyalty for existing users. This investment has supported an increase in usage for both venues, with 19/20 reflecting the full-year impact of this investment.
- There were over 775,000 Leisure Active membership scheme attendances, this is an increase of 2.9% from the previous years.
- The numbers in the Learn to Swim programme increased by 7.81% and the scheme was awarded the SwiMark Plus standard – the highest possible evaluation given by Scottish Swimming, the national governing body.
- Outdoor activities increased by 4.31%, with the attendance the highest recorded in our 12 years. The improvement in attendances relates to synthetic turf pitches.
- Over 60s attendances increased by 4.09% which was the ninth consecutive year that this group has increased.
- Attendances at Active Options 2 classes (FSLT's referral-based programme for people living with long-term conditions) decreased by -1.08%, however we were on course to have a record-breaking year before Covid-19 with attendance up by 4.25%. An average of 99 health classes are delivered per week to over 40,000 annual users.
- 3 Star Visit Scotland awards were achieved at Cupar Sports and Leisure Centre, East Sands Leisure Centre and The Beacon Leisure Centre. A 4 Star Visit Scotland award went to Lumphinnans Sports Hub.

Delivery of our Strategic Priorities

Throughout the year we worked to deliver our Corporate Strategy's strategic priorities under three themes. The following provides examples of the variety of work that was undertaken:

Strategic Priority One – Growing the Business

Develop a skilled and trained workforce:

- 49 planned activities delivered within the Human Resources Action Plan
- 56 Learning and Development activities delivered within the Learning and Development Programme
- 100 swimming instructors attended CPD

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

Maximise income streams:

- The introduction of a new Marketing Strategy for all facilities
- Action Plans developed for the Leisure Active Membership Scheme and Aquatics Programme
- Expansion of the Learn to Swim Programme increasing direct debit payments
- Return on Investment on all marketing activities

Manage and improve our resources and processes:

- Implementation of online induction during the recruitment process while recruitment checks are being undertaken

Seek new opportunities:

- Periodic reviews undertaken to ensure that activity programme remained fit for purpose with new initiatives replacing low-use activities

Ensure a strong financial base:

- FSLT is in the second year of a three-year funding agreement (subject to Fife Council's financial position) agreed with the local authority

Provide effective leadership:

- A review of the current Corporate Strategy 2017/20 was completed
- A board development day took place on the 10th September and covered the following topics: areas of business growth, child protection and GDPR

Strategic Priority Two – Improving the Customer Experience

Support staff to provide high-quality customer service:

- 23 volunteers recruited to support the Health and Wellbeing Team
- Behavioural Standards embedded into learning and development plan

Provide an appropriate range of products and services:

- Summer Free Swim and Quid-a-Kid initiatives were delivered thanks to a £100k investment from Fife Council
- Pay and Play classes for a range of activities were delivered at each facility
- Group fitness classes delivered at 12 of the 14 facilities
- Affordable and accessible opportunities for children and young people to take part in sport and active recreation delivered, e.g. summer free swimming and Quid-a-Kid
- All centres were dementia friendly

Improve the quality of customer service:

- Gym equipment replaced at Kirkcaldy Leisure Centre and Michael Woods Sports and Leisure Centre

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

- The Learn to Swim Programme expanded due to public demand

Improve the customer interactions:

- More online booking facilities were made available to customers
- FSLT's website and social media sites were enhanced

Strategic Priority Three – Making a Difference

Fulfil our charitable status:

- A review was completed to ensure that FSLT complies with its Charitable Objects

Enhance the culture of continuous improvement:

- An employee suggestion scheme – Making a Difference (MAD) continued
- A General Data Protection Regulations Compliance Audit was completed and an Action Plan out in place
- Health and Safety inspections and action plans were produced
- 5 business processes were identified to be reviewed

Maintain a safe environment for customers and staff:

- Operational Plans implemented within sport and leisure facilities
- Health and Safety plans were implemented within centres and FSLT's headquarters
- Child Protection Guidelines, Procedures and reporting mechanisms implemented

Deliver on our corporate social responsibilities:

- Free use of facilities given to three charities to enable fund-raising activities to take place for good causes
- 54 batches of free swimming tickets were given for raffle prizes
- Participation on the Fife-wide single use plastics working group
- Members of **sportscotland's** Area Institute were supported with 100% discount in FSLT facilities for additional training out with their club sessions

Disabled employees:

- FSLT recognises its obligations towards disabled persons and endeavours to provide as many employment, training and career opportunities as the demands of the company's operations and the abilities of the disabled persons allow.

Help inactive people become active:

- Physical activity opportunities for people suffering from dementia were provided
- A programme of health and physical activity classes delivered to promote the benefits of physical activity and active lifestyles
- A pilot to triage Active Options referrals by phone call was introduced and proved to be very successful
- New state-of-the-art gym equipment installed at two centres as part of a £1.1m FSLT investment plan

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

Strengthen our partnership working:

- Membership with Community Leisure UK (formerly Sporta UK)
- Membership with Visit Scotland
- Membership with Fife Chamber of Commerce
- Close association with NHS Fife
- Close association with National Governing Bodies and local sports clubs
- Close association with Health and Social Care

Other Stakeholder Engagement

In addition to the partnerships above, we engage regularly with our stakeholders:

Our customers, through social media and customer surveys, regular dialogue with our key suppliers and contract meetings arranged through procurement as required and with our staff by providing regular briefings such as emailed updates on the impact of Covid-19 and the furlough scheme while staff had to remain at home.

Plans for Future Periods

The Covid-19 pandemic will result in FSLT having to review its business model in order to continue to deliver public services on behalf of Fife Council. This will be a very challenging time for the organisation and will require a substantial amount of forward planning to counter the loss of public confidence and an initial reduction in opening hours of facilities. FSLT will require to focus on a recovery plan that will outline how the organisation will gradually generate the levels of income achieved pre Covid-19, as restriction. There remains a commitment to focus 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. FSLT has 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, affordable and customer-focused and delivered through the effective use of investment and resources whilst maximising the benefit of not-for-profit distributing status.

Capital investment will remain a key priority across the portfolio of sport and leisure centres and a long-term funding package will need to be in place to deliver on this to ensure the facilities remain fit for purpose and provide an inclusive environment for sport and leisure.

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 the nation, FSLT will promote and raise awareness of the links between inactivity and physical activity and mental health and wellbeing across every community in Fife.

FSLT is working closely with Fife Council to establish a sustainable model for the Trust going forward and a soft opening programme has been agreed for implementation during 2020/21.

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

A review covering the reform of Sport and Leisure in Fife will be undertaken by the end of 2020 and will result in closer partnership working, provide a more sustainable financial model and utilise the funding resources more effectively for the people of Fife.

Financial Review

FSLT's financial results are shown on pages 22-39. The results for the year to 31st March 2020 show an overall gain of £2,653,394 however after removal of the actuarial adjustment for pensions the results show a deficit of £1,831,606 for the year. Excluding the full impact of accounting for retirement benefits, the operating deficit for FSLT was £489,000 which although worse than the original budget for the year of £278,000, when the impact of the pandemic is taken into consideration is a very positive result. The under-recovery of income with the centre closures on 18th March, and a slowdown in visits prior to this period amounted to £678,000. This was offset by savings within the redesign of services programme being accelerated and other reductions in expenditure to contain the deficit to £489,000. Taking this deficit into account the reserves position reduced to £330,261 below the policy level of £750,000, however this is a reasonable position given the impact of Covid-19 and the underwriting of the financial position for the 12 month period beyond the date of signing of the accounts.

Excluding in kind support, Fife Council provides approximately 22% of the Trust's funding, to operate its leisure centres, and fund specific Council priorities and ensure that the Trust can promote its charitable objects, in particular enabling the Trust to provide affordable access for all. Across Scotland this is at the lower end in percentage terms of funding provided by local authorities to their ALEOS in the leisure sector. The majority of the remaining funding comes directly from customers, with 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. The trust also secured approximately £96,000 in funding by accessing the Government's Coronavirus Job Retention Scheme to allow the Trust to provide furlough payments to employees when the centres closed.

Financial Future

The 2020/21 Budget approved by Directors in March 2020 identified a deficit of £301,000 for the year, prior to the impact of Covid-19 being identified and dialogue was ongoing with Fife Council to identify measures to agree a sustainable budget going forward. This budget was approved before the impact of Covid-19.

Budgets are regularly being realigned to react to changes in the impact of the pandemic, however the first half of this year has seen centres closed in line with Government guidelines with re-opening on a phased basis from mid-September onwards. This has had a significant impact on generated income and will continue to do so for a considerable period until restrictions are lifted and public confidence continues to grow allowing the Trust to the return of the previous levels of income generation, which likely to take in the regions of 2 years to recover.

Discussions are ongoing with Fife Council, the sole member, which has agreed initial top-up support of £2m in addition to the agreed services fee for the year, with a further commitment to review the funding of the Trust and support the cash flow of the Trust during the recovery period. The Trust has managed to access funding through the Job Retention scheme, one of the few Government Coronavirus funding schemes accessible to it which will generate funding in the region of £2m. A further funding scheme has recently been announced by Scottish Government for loss of income during Covid-19 which will be provided to local authorities to allocate, and local authority ALEOs will be able to bid for funding from the scheme.

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

Over this challenging period we are working closely with our sole member, Fife Council, to agree a sustainable funding model for the Trust going forward and to explore how best the Trust and Fife Council can work together to joint provide sports and leisure facilities and activities, and support the health and wellbeing of the people of Fife.

Financial Monitoring

Both the Governance 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. Forecast are being revised regularly and information provided at the monthly Board update meetings to continue to monitor the finances more closely during the Pandemic.

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 £750k prior to the pension deficit, however it is recognised that the closure of facilities in late March due to a pandemic is the type of event covered by the policy requirements and there was no ability to instigate corrective action to ensure the reserves remained at policy level by the year end. Part of the agreed sustainable management fee provided by Fife Council going forward will seek to restore the reserves to agreed policy level over the short to medium term.

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, particularly during the current pandemic situation.

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.

Over the last year there has been significant work undertaken to revise the risk register and ensure it is fit for purpose, in particular to reflect emerging risks. As a result of this the main Covid-19 risks have been identified and are currently the main focus for the Trust, with Directors being provided with updates on emerging issues at every meeting.

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 facilities and services which are provided to the communities in Fife.

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

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 12.

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.

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 existed in the following areas for the first half of the year:

- Human Resources Committee – to deliberate on human resource and policy matters
- Governance and Compliance Committee – to consider the financial and governance 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

Following approval of a revised Committee Structure at the August Board meeting the following Committees were created to better reflect the future needs of the business:

- Strategy Committee – to consider all strategic matters pertaining to the Trust and setting its strategic direction and future scenario planning

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

- Governance and Compliance Committee – to consider all financial and governance matters with a particular focus on ensuring all legal and charity obligations are met
- Service and Operations Committee- to focus on all operational matters for the delivery of services,

In addition, there are two further Committees whose remit did not change and meet on an as required basis. They are an Appointments and Remunerations Committee, responsible for the appointment process for the Chief Executive's position and to assist in the recruitment of Directors, and a Nominations Committee responsible for the selection of the Chair and Vice Chair of the Board.

As a result of the pandemic and the significant pressure on the Trust's resources there have also been Covid-19 Board Update monthly meetings to keep the Board apprised of the ongoing financial and operational pressures and detailed plans required to move to reopening with a particular focus on revised Health and Safety protocols and ensuring good engagement with both customers and staff to protect the Trust's business in these unprecedented times.

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 (until 31/1/20) |
| Jeph Hamilton | Interim Chief Executive (from 3/2/20 until 18/6/20) |
| Emma Walker | Chief Executive (from 8/6/20) |
| Wendy Watson | Chief Operating Officer |
| Lana Turnbull | Human Resources Manager |
| Vicki Wyse | Head of Finance and Business Development |

The arrangements for the setting of pay and remuneration for key management personnel 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.

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

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 to
include the Indoor Football Arena
Viewfield Road
Glenrothes KY6 2RB
Kirkcaldy Leisure Centre
Esplanade
Kirkcaldy KY1 1HR

Carnegie Leisure Centre
Pilmuir Street
Dunfermline KY12 0QE

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

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

D Watt
D Lothian
L Erskine
A Suttie
K Caldwell
B R Thomson (appointed 1/6/20)
N Crooks (resigned 28/11/19)

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

Independent Directors

T R Campbell
E L Wallace
C A McDonald
J Hamilton (temporary resignation 2/2/20 reinstated 22/6/20)
P Gulline (appointed 25/06/19)
P D Denton (appointed 12/06/20, resigned 20/7/20)
N Mitchell (resigned 25/2/20)

Secretary

V G C Wyse

Registered Office

Music Institute
East Port
Dunfermline
KY12 7JA

Bankers

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

Auditor

Azets Audit Services Limited
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Solicitors

Burness Paull
50 Lothian Road
Edinburgh
EH3 9WJ

Charity registration number

SC039464

Company registration number

SC336004

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

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; and
- 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.

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2020

Auditor

Following the acquisition of Scott-Moncrieff Chartered Accountants by Azets, Scott-Moncrieff Chartered Accountants resigned as auditor and were replaced by Azets Audit Services Limited, trading as Azets Audit Services, a company owned by Azets
In approving the Directors' Report, the Directors are also approving the Strategic Report in their capacity as company Directors.

Approved by the Board on 22 October 2020 and signed on its behalf by:

T R Campbell
Chairperson

Fife Sports & Leisure Trust Limited
Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited
For the year ending 31st March 2020

Opinion

We have audited the financial statements of Fife Sports & Leisure Limited (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. 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.

Fife Sports & Leisure Trust Limited
Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited
For the year ending 31st March 2020

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report (incorporating the Strategic Report), which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Directors' Report (incorporating the Strategic Report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 14, the directors (who are the directors for the purposes of company law and trustees 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, 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.

Fife Sports & Leisure Trust Limited
Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited
For the year ending 31st March 2020

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as 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 the Acts and relevant regulations made or having effect thereunder.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's directors, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's directors, as a body, 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, the charitable company's members, as a body, and the charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett, Senior Statutory Auditor
For and on behalf of
Azets Audit Services, Statutory Auditor

Chartered Accountants

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Exchange Place

Semple Street

Edinburgh

EH3 8BL

Date: 22 October 2020

Fife Sports & Leisure Trust Limited
Statement of financial activities (incorporating an income and expenditure
account)
For the year ending 31st March 2020

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total 2020 £ | Total 2019 £ |
|---|-------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | | |
| Donations | 3 | 2,335,832 | - | 2,335,832 | 2,064,181 |
| Charitable activities | 3 | 11,130,790 | 27,957 | 11,158,747 | 10,820,347 |
| Investments | 4 | 4,284 | - | 4,284 | 4,857 |
| Other trading activities | | 79,490 | - | 79,490 | 79,274 |
| Other income | | 42,765 | - | 42,765 | 9,390 |
| Total income | | 13,593,161 | 27,957 | 13,621,118 | 12,978,049 |
| Expenditure on: | | | | | |
| Charitable activities | 5 | (15,403,072) | (37,612) | (15,440,684) | (15,043,057) |
| Raising Funds | | (12,040) | - | (12,040) | (15,806) |
| Total expenditure | | (15,415,112) | (37,612) | (15,452,724) | (15,058,863) |
| Net expenditure | | (1,821,951) | (9,655) | (1,831,606) | (2,080,814) |
| Other recognised gains/(losses): | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 9 | 4,485,000 | - | 4,485,000 | (1,667,000) |
| Net movement in funds | | 2,663,049 | (9,655) | 2,653,394 | (3,747,814) |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | (6,431,788) | 24,413 | (6,407,375) | (2,659,561) |
| Total funds carried forward | | (3,768,739) | 14,758 | (3,753,981) | (6,407,375) |

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 22 to 39 form part of these financial statements

Fife Sports & Leisure Trust Limited
Balance Sheet
As at 31st March 2020

| | Note | 2020 £ | 2019 £ |
|--|-------------|--------------------|--------------------|
| Fixed assets: | | | |
| Tangible Assets | 10 | 1,052,752 | 1,000,430 |
| Current Assets: | | | |
| Stocks | 11 | 5,347 | 5,497 |
| Debtors | 12 | 327,758 | 228,708 |
| Cash at bank and in hand | | 999,994 | 1,795,820 |
| Total Current Assets | | 1,333,099 | 2,030,025 |
| Liabilities: | | | |
| Creditors: amounts falling due within one year | 13 | (2,040,832) | (2,186,830) |
| Net current liabilities | | (707,733) | (156,805) |
| Total assets less current liabilities | | 345,019 | 843,625 |
| Defined benefit pension scheme liability | 9 | (4,099,000) | (7,251,000) |
| Total net liabilities | 16 | (3,753,981) | (6,407,375) |
| The funds of the charity: | | | |
| Unrestricted funds | 17 | 330,261 | 819,212 |
| Restricted income funds | 17 | 14,758 | 24,413 |
| Pension reserve | 17 | (4,099,000) | (7,251,000) |
| Total funds | | (3,753,981) | (6,407,375) |

The financial statements were approved and authorised for issue by the Board on 22nd October 2020 and signed on its behalf by :

The notes on pages 22 to 39 form part of these financial statements

T R Campbell
Chairperson

Registered number SC336004

Fife Sports & Leisure Trust Limited
Statement of cash flows
For the year ending 31st March 2020

| | Note | 2020 £ | 2019 £ |
|---|------|------------------|------------------|
| Cash Flows from Operating Activities | | | |
| Net cash (used in)/ provided by operating activities | 19 | (499,939) | 83,325 |
| Cash Flow from Investing Activities: | | | |
| Purchase of property, plant and equipment | | (342,936) | (446,046) |
| Proceeds from sale of property, plant and equipment | | 42,765 | 9,390 |
| Interest received | | 4,284 | 4,857 |
| Net cash provided used in investing activities | | (295,887) | (431,800) |
| Change in cash and cash equivalents in the reporting period | | (795,826) | (348,474) |
| Cash and cash equivalents at the beginning of the reporting period | | 1,795,820 | 2,144,294 |
| Cash and cash equivalent at the end of the reporting period | 20 | 999,994 | 1,795,820 |

(i) Analysis of changes in net debt

| | At 1 April 2019 £ | Cash flows £ | At 31 March 2020 £ |
|------|-------------------------|--------------------|-----------------------------|
| Cash | 1,795,820 | (795,826) | 999,994 |
| | 1,795,820 | (795,826) | 999,994 |

The charitable company has no debt financing.

The notes form part of these financial statements

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

1. Accounting Policies

General information

Fife Sports & Leisure Trust Limited is a charitable company limited by guarantee, registered in Scotland with company registration number SC336004 and with the Office of the Scottish Charity Regulator under charity number SC039464. The registered office is Music Institute, East Port, Dunfermline, KY12 7JA. The principal activity is the provision of the provision of sport, recreation and health and wellbeing services.

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 Sports & 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 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

Having received Fife Council's letters of support dated 30th July 2020 and 1st September 2020, the Directors are of the opinion that the Trust can continue to meet its obligations as they fall due for the next 12 months. As part of the assurance to Directors, Fife Council has provided a commitment to underwrite the Trust's cash flow position for the 2020-21 period and beyond, at least until October 2021, subject to efforts to be made to minimise costs, where possible, and until such time as a sustainable funding package for the services provided can be agreed for the post-pandemic recovery period.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

COVID-19 has impacted significantly on Trust finances from March 2020 onwards however by accessing the Government Coronavirus Job Retention Scheme has helped to minimise the impact. The financial impact has been further reduced significantly by working closely with Fife Council, our sole member, to agree additional funding support of a £2m increase in the services fee. Potentially, the recently announced Loss of Income Scheme, may also reduce the impact of COVID-19.

Fife Council, the sole member, of which the Trust is a subsidiary company, has prepared its accounts on a going concern basis whilst acknowledging the impact of COVID-19 in increased costs and reductions in income streams on both its own and the group liabilities. Fife Council is confident that their liabilities can be met from future grants and the application of future income, with the development of a financial strategy to take account of increased support from national and UK government, technical accounting and various other solutions.

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.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

Tangible Fixed Assets and Depreciation

FSLT capitalises tangible assets costing £1,000 or more and any Irrecoverable VAT incurred is included as part of the capitalised cost. 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:

| | |
|---------------------|---------------------|
| 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.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or when the charitable company has transferred substantially all the 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. Taxation will be paid, if applicable, on trading income and gains which are not directly attributable to those objects. Input VAT on exempt activities which is not recoverable is normally recognised as an expense in the Statement of Financial Activities, unless it relates to a fixed asset purchase when it is included as part of the capitalised cost.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

Government Grants

FSLT received a grant in way of the Job Retention Scheme, the grant is recognised in the Statement of Financial Activities in the period in which the employee expense is incurred.

2. 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 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.

Local Government Pension Scheme (LGPS) - McCloud judgement. Legislation requires the LGPS to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable.

The cost management process has been paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) were age discriminatory. These cases could have knock on implications for the LGPS (potentially increasing the liabilities). FSLT's actuary has included an estimate within the pension liability which will be subject to future revision as the outcome of the judgement becomes clearer in line with the upcoming valuation.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

2. Income

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

| Provision of sport and leisure facilities | 2020 | 2019 |
|--|--------------------------|--------------------------|
| | £ | £ |
| Management service fee from Fife Council | 2,478,288 | 2,270,291 |
| Admissions etc. | 4,264,223 | 4,217,462 |
| Membership | 3,506,399 | 3,443,083 |
| Resaleable goods | 144,544 | 151,409 |
| Outdoor facilities | 442,303 | 476,044 |
| Gym income | 170,583 | 185,056 |
| Other income | 152,407 | 77,002 |
| | <u>11,158,747</u> | <u>10,820,347</u> |

Income on charitable activities was £11,158,747 (2019: £10,820,347) of which £11,130,790 was unrestricted (2019: £10,777,010) and £27,957 (2019: £43,337) was restricted. All other income was unrestricted.

Income from donations represents income received from Fife Council. In 2020 this comprised a value for support services provided by Fife Council (£2,335,832) and amounts to meet redundancy costs in the year. In 2019 income from donations comprised a value for support services provided by Fife Council (£2,033,187).

3. Investment Income

| | 2020 | 2019 |
|-------------------------|---------------------|---------------------|
| | £ | £ |
| Bank and other interest | <u>4,284</u> | <u>4,857</u> |

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

4. 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 | 2020 | Total | Activities undertaken directly | 2019 | Total |
|---|--------------------------------|------------------|-------------------|--------------------------------|------------------|-------------------|
| | | Support costs | | | Support costs | |
| Unrestricted | £ | £ | £ | £ | £ | £ |
| Employee costs | 10,360,784 | - | 10,360,784 | 10,255,164 | - | 10,255,164 |
| Property costs | 516,077 | - | 516,077 | 501,435 | - | 501,435 |
| Supplies and services | 1,626,910 | 48,773 | 1,675,683 | 1,732,275 | 30,970 | 1,763,245 |
| Transport costs | 40,387 | - | 40,387 | 40,431 | - | 40,431 |
| Depreciation | 290,614 | - | 290,614 | 290,077 | - | 290,077 |
| Other finance costs | 197,000 | - | 197,000 | 131,000 | - | 131,000 |
| Support Costs from FC | - | 2,322,527 | 2,322,527 | - | 2,033,187 | 2,033,187 |
| | 13,031,772 | 2,371,300 | 15,403,072 | 12,950,385 | 2,064,157 | 15,014,539 |
| Provision of sport and leisure facilities | Activities undertaken directly | 2020 | Total | Activities undertaken directly | 2019 | Total |
| Restricted | £ | £ | £ | £ | £ | £ |
| Employee costs | 35,443 | - | 35,443 | 25,964 | - | 25,964 |
| Supplies and services | 431 | - | 431 | 2,342 | - | 2,342 |
| Transport costs | 1,738 | - | 1,738 | 212 | - | 212 |
| | 37,612 | - | 37,612 | 28,518 | - | 28,518 |

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

5. Analysis of support costs

| | 2020 | 2019 |
|--------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Governance costs | | |
| Auditor's remuneration - audit | 9,870 | 9,780 |
| Auditor's remuneration - other | 11,210 | 3,800 |
| Legal fees | 14,418 | 8,900 |
| General support costs | | |
| Data Protection Services | 13,275 | 8,490 |
| Support Costs from FC | 2,322,527 | 2,033,187 |
| | <u>2,371,300</u> | <u>2,064,157</u> |

Fife Council has provided a value for the services provided which has been included in the note above. We have recognised a donation from Fife Council equal to the value of the support costs in the Statement of Financial Activities (note 4).

6. Net income/(expenditure) for the year

| | 2020 | 2019 |
|--|-------------|-------------|
| | £ | £ |
| This is stated after charging/(crediting) | | |
| Auditors' remuneration – audit services | 9,870 | 9,780 |
| Auditors' remuneration – taxation services | 11,210 | 3,800 |
| Depreciation | 290,614 | 290,077 |
| Gains on disposal of fixed assets | 42,765 | 9,390 |

7. Staff Costs and Numbers

The remuneration and associated staff costs were as follows:

| | 2020 | 2019 |
|---------------------------------|--------------------------|--------------------------|
| | £ | £ |
| Wages and salaries | 7,677,490 | 7,521,944 |
| Social security costs | 503,552 | 506,975 |
| Pension costs | 1,080,000 | 1,069,000 |
| Pension costs – Defined benefit | 1,136,000 | 1,187,000 |
| | <u>10,397,042</u> | <u>10,284,919</u> |

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

The average number of employees during the year was:

| | 2020 | 2019 |
|-----------|---------------|---------------|
| | Number | Number |
| Employees | 483 | 490 |
| | <u>483</u> | <u>490</u> |

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

| | 2020 | 2019 |
|-------------------|---------------|---------------|
| | Number | Number |
| £60,000 - £70,000 | 1 | 1 |
| £70,001- £80,000 | 1 | - |
| £80,001- £90,000 | - | 1 |
| | <u>2</u> | <u>2</u> |

The key management personnel of FSLT comprise the Executive Management Team. The total employee benefits of the senior management team were £329,702 (2019: £307,436).

No member of the Board received remuneration or expenses (2019: £nil). Directors' indemnity insurance was in place during the year.

8. Pension Costs

Fife Sports & 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 2017.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

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

| | 31st March 2020 | 31st March 2019 |
|---|-----------------------------------|-----------------------------------|
| | £'000 | £'000 |
| Opening defined benefit obligation | 42,458 | 36,107 |
| Current service cost | 2,320 | 2,029 |
| Past service cost | (104) | 234 |
| Interest cost | 1,089 | 1,003 |
| Plan participants contributions | 338 | 322 |
| Actuarial losses/(gains) | (6,560) | 3,170 |
| Estimated benefits paid | (475) | (407) |
| | <hr/> | <hr/> |
| Closing defined benefit obligation | 39,066 | 42,458 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 31st March 2020 | 31st March 2019 |
|--|-----------------------------------|-----------------------------------|
| | £'000 | £'000 |
| Opening fair value of plan assets | 35,207 | 31,841 |
| Interest income on plan assets | 892 | 872 |
| Plan participants contributions | 338 | 322 |
| Contributions by the employer | 1,080 | 1,076 |
| Actuarial (losses)/gains | (2,075) | 1,503 |
| Estimated benefits paid | (475) | (407) |
| | <hr/> | <hr/> |
| Closing fair value of plan assets | 34,967 | 35,207 |
| | <hr/> <hr/> | <hr/> <hr/> |

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

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

| | 31st March 2020 | 31st March 2019 |
|---|-----------------------------------|-----------------------------------|
| | £'000 | £'000 |
| Current service cost | (2,320) | (2,029) |
| Past service cost | 104 | (234) |
| | <hr/> | <hr/> |
| Total service cost | (2,216) | (2,263) |
| Net interest | | |
| Interest income on plan assets | 892 | 872 |
| Interest cost on defined benefit obligation | (1,089) | (1,003) |
| | <hr/> | <hr/> |
| Total net interest | (197) | (131) |
| Total defined benefit cost recognised in net income/expenditure per the SOFA | (2,413) | (2,394) |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 31st March 2020 | 31st March 2019 |
|----------|-----------------------------------|-----------------------------------|
| | % | % |
| Equities | 70 | 74 |
| Bonds | 16 | 13 |
| Property | 9 | 8 |
| Cash | 5 | 5 |

The estimated employer contributions for the year to 31st March 2021 are £1,080,000.

The actual return on the fund from 1st April 2019 to 31 March 2020 was (3.3)%.

The principal actuarial assumptions used in the calculations are:

| | 31st March 2020 | 31st March 2019 |
|-----------------------|-----------------------------------|-----------------------------------|
| | % per annum | % per annum |
| Pension Increase Rate | 1.8 | 2.4 |
| Salary Increase Rate | 2.2 | 2.9 |
| Discount Rate | 2.3 | 2.5 |

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2016 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 | 20.5 years | 23.0 years |
| Future Pensioners | 21.6 years | 24.6 years |

9. Tangible fixed assets

| | Fixtures & fittings | Motor vehicles | Sports equipment | Other equipment | Total |
|-----------------------|--------------------------------|-----------------------|-------------------------|------------------------|------------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| As at 1 April 2019 | 174,882 | 10,605 | 2,356,199 | 613,476 | 3,155,162 |
| Additions | - | - | 302,369 | 40,567 | 342,936 |
| Disposals | - | - | (34,561) | - | (34,561) |
| As at 31 March 2020 | <u>174,882</u> | <u>10,605</u> | <u>2,624,007</u> | <u>654,043</u> | <u>3,463,537</u> |
| Depreciation | | | | | |
| As at 1 April 2019 | 61,209 | 10,605 | 1,557,926 | 524,992 | 2,154,732 |
| Charge | 8,744 | - | 241,676 | 40,194 | 290,614 |
| On disposal | - | - | (34,561) | - | (34,561) |
| As at 31 March 2020 | <u>69,953</u> | <u>10,605</u> | <u>1,765,041</u> | <u>565,186</u> | <u>2,410,785</u> |
| Net book value | | | | | |
| As at 31 March 2019 | 113,673 | - | 798,273 | 88,484 | 1,000,430 |
| As at 31 March 2020 | <u>104,929</u> | <u>-</u> | <u>858,966</u> | <u>88,857</u> | <u>1,052,752</u> |

10. Stock

| | 2020 | 2019 |
|------------------|--------------|--------------|
| | £ | £ |
| Goods for Resale | <u>5,347</u> | <u>5,497</u> |

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

11. Debtors

| | 2020 | 2019 |
|--------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Trade debtors | 139,717 | 168,820 |
| Prepayments and accrued income | 65,212 | 25,304 |
| Fife Council | 26,829 | 34,584 |
| Government - HMRC | 96,000 | - |
| | <u>327,758</u> | <u>228,708</u> |

12. Creditors: Amounts falling due within one year

| | 2020 | 2019 |
|---------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Trade creditors | 134,795 | 210,323 |
| Accruals and deferred income | 1,448,769 | 1,533,794 |
| Social security costs and other taxes | 235,104 | 239,253 |
| Fife Council | 208,744 | 194,140 |
| Fife Cultural Trust | 13,420 | 9,320 |
| | <u>2,040,832</u> | <u>2,186,830</u> |

13. 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.

| | 2020 | 2019 |
|----------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Balance as at 1 April | 361,954 | 427,435 |
| Amounts released during the year | (321,610) | (387,092) |
| Amounts deferred during the year | 463,243 | 321,610 |
| Balance at 31 March | <u>503,587</u> | <u>361,953</u> |

14. Share Capital

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

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

15. Analysis of net assets between funds

| Funds | Unrestricted £ | 2020 Restricted £ | Total £ | 2019 Total £ |
|--|---------------------------|----------------------------------|--------------------|-----------------------------|
| Balance at 31 st March 2020 | | | | |
| Represented by: | | | | |
| Fixed assets | 1,052,752 | - | 1,052,752 | 1,000,430 |
| Net current assets | (722,491) | 14,758 | (707,733) | (156,805) |
| Retirement benefit scheme | (4,099,000) | - | (4,099,000) | (7,251,000) |
| | (3,768,739) | 14,758 | (3,753,981) | (6,407,375) |

| Funds | Unrestricted £ | 2019 Restricted £ | Total £ | 2018 Total £ |
|--|---------------------------|----------------------------------|--------------------|-----------------------------|
| Balance at 31 st March 2019 | | | | |
| Represented by: | | | | |
| Fixed assets | 1,000,430 | - | 1,000,430 | 844,461 |
| Net current assets | (181,218) | 24,413 | (156,805) | 761,977 |
| Retirement benefit scheme | (7,251,000) | - | (7,251,000) | (4,266,000) |
| | (6,431,788) | 24,413 | (6,407,375) | (2,659,562) |

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

16. Reserves

Unrestricted fund – 2019/20

| | Opening Balance | Incoming | Outgoing | Transfers | Actuarial gain | Closing Balance |
|--------------|----------------------------|-----------------|-----------------|------------------|---------------------------|----------------------------|
| | £ | £ | £ | £ | £ | £ |
| General fund | 819,212 | 13,593,161 | (14,082,112) | - | - | 330,261 |

Designated funds:

| | | | | | | |
|--------------------|--------------------|-------------------|---------------------|----------|------------------|--------------------|
| Pension reserve | (7,251,000) | - | (1,333,000) | - | 4,485,000 | (4,099,000) |
| | <u>(6,431,788)</u> | <u>13,593,161</u> | <u>(15,415,112)</u> | <u>-</u> | <u>4,485,000</u> | <u>(3,768,739)</u> |

Unrestricted fund – 2018/19

| | Opening Balance | Incoming | Outgoing | Transfers | Actuarial Loss | Closing Balance |
|--------------|----------------------------|-----------------|-----------------|------------------|---------------------------|----------------------------|
| | £ | £ | £ | £ | £ | £ |
| General fund | 674,802 | 12,934,712 | (13,431,012) | 640,710 | - | 819,212 |

Designated funds:

| | | | | | | |
|---------------------------------|--------------------|-------------------|---------------------|-----------|--------------------|--------------------|
| Equipment write down fund | 722,043 | - | (281,333) | (440,710) | - | - |
| Gym replacement fund | 200,000 | - | - | (200,000) | - | - |
| Pension reserve | (4,266,000) | - | (1,318,000) | - | (1,667,000) | (7,251,000) |
| | <u>(2,669,155)</u> | <u>12,934,712</u> | <u>(15,030,345)</u> | <u>-</u> | <u>(1,667,000)</u> | <u>(6,431,788)</u> |

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 a three year period, with completion during 2019/20.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

| Restricted Funds 2019/20 | Opening | | | | Closing |
|---------------------------------|----------------|---------------|--------------------|------------------|----------------|
| | Balance | Income | Expenditure | Transfers | Balance |
| | £ | £ | £ | £ | £ |
| Cardiac Rehabilitation | 49 | - | | | 49 |
| Cancer Rehabilitation | - | 5,176 | (5,176) | - | - |
| Active Options | 772 | - | | | 772 |
| Mind and Be Active Project | 23,592 | 22,781 | (32,436) | - | 13,937 |
| Totals | 24,413 | 27,957 | (37,612) | - | 14,758 |

| Restricted Funds 2018/19 | Opening | | | | Closing |
|---------------------------------|----------------|---------------|--------------------|------------------|----------------|
| | Balance | Income | Expenditure | Transfers | Balance |
| | £ | £ | £ | £ | £ |
| Cardiac Rehabilitation | 49 | - | - | - | 49 |
| Cancer Rehabilitation | - | 20,726 | (20,726) | - | - |
| Active Options | 772 | - | - | - | 772 |
| Mind and Be Active Project | 8,772 | 22,612 | (7,792) | - | 23,592 |
| Totals | 9,593 | 43,338 | (28,518) | - | 24,413 |

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 Mind and Be Active Project, initially funded by Spirit of 2012, a Trust established by the Big Lottery Fund, was set up to deliver a programme aimed at helping those suffering from dementia and mental health issues. The project has continued during 2019/20 for a further year due to funding received from Fife Council and Fife Health and Social Care Partnership.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

17. Reconciliation of net expenditure to net cash flow from operating activities

| | 2020 | 2019 |
|---|------------------|---------------|
| | £ | £ |
| Net expenditure for the reporting period (as per the SOFA) | (1,831,606) | (2,080,814) |
| Adjustments for: | | |
| Interest received | (4,284) | (4,857) |
| Depreciation | 290,614 | 290,077 |
| Gains on disposals of fixed assets | (42,765) | (9,390) |
| Net cost in respect of pensions | 1,333,000 | 1,318,000 |
| Decrease/(increase) in stock | 150 | (131) |
| (Increase)/decrease in debtors | (99,050) | 97,303 |
| (Decrease)/increase in creditors | (145,998) | 473,137 |
| | <hr/> | <hr/> |
| Net cash (used in)/ provided by operating activities | (499,939) | 83,325 |
| | <hr/> <hr/> | <hr/> <hr/> |

18. Analysis of cash and cash equivalents

| | 2020 | 2019 |
|--|----------------|------------------|
| | £ | £ |
| Cash in hand | 999,994 | 1,795,820 |
| | <hr/> | <hr/> |
| Total cash and cash equivalents | 999,994 | 1,795,820 |
| | <hr/> <hr/> | <hr/> <hr/> |

19. Related parties

Fife Council made a contribution in line with the Services Agreement of £2,478,288 (2019: £2,270,290). Facilities were leased to FSLT for a peppercorn rent. Fife Council also provided various support functions including Finance, Payroll and IT for which FSLT received free of charge. A value for the services in kind has been recognised as donation income in year of £2,322,527 (2019: £2,033,187). Details of sums due to/from Fife Council are disclosed in notes 12 and 13.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2020

20. Operating lease commitments

| | 2020 | | 2019 |
|---|----------------------|----------------------|---------------------|
| | Other | Total | Total |
| | £ | £ | £ |
| Operating Leases which expire: | | | |
| Not later than one year | 17,660 | 17,660 | 9,013 |
| Later than one year and not later than five years | 7,855 | 7,855 | - |
| Later than five years | - | - | - |
| | <u>25,515</u> | <u>25,515</u> | <u>9,013</u> |
| | <u><u>25,515</u></u> | <u><u>25,515</u></u> | <u><u>9,013</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 £29,000 for 2020 (2019: £29,000).

21. 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.

22. Post balance sheet events

As a result of the Covid-19 pandemic, the leisure centres remained closed post year end. The centres began reopening from 14 September 2020.