



LIVE ACTIVE LEISURE LTD

ANNUAL REPORT

2017/18

Live Active Leisure Limited

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Live Active Leisure Limited

Chairman's Report for the Year Ended 31 March 2018

I am pleased to present the Annual Report on the operation of Live Active Leisure Limited for the Financial Year to 31 March 2018.

I wish to thank all the staff and the Board of Directors of LAL for another busy year, and especially to our outgoing Chief Executive who has stepped aside after 30 years and more than a decade at the helm, championing LAL's role as a fundamental service for the people of Perthshire and Kinross. Typically for someone who has the business's and the staff's best interests in mind, he has left behind a restructured management team which is exceptionally well placed to develop the business going forward.

This past year has been full of changes and successes – all aimed at ensuring LAL is in the best place possible to continue to provide affordable access to sport and leisure and that staff are suitably rewarded and motivated to succeed. This is more vital than ever and LAL's facilities are the bedrock that underpins that success.

The Perthshire and Kinross area holds the accolade of having the most active population of any part of Scotland and this is something of which we should be justifiably proud. Sport and active lifestyles are central features of almost everyone's quality of life experience in this area – whatever level of ability, age, participation and means – and this is what makes sport and leisure so inclusive. It is vital we retain that inclusivity and ensure the facilities and opportunities for participation remain in place to continue to deliver this across the whole area in the coming years.

However, there are plenty of challenges. Perthshire and Kinross has one of the highest levels of childhood obesity in Scotland. And some of the public facilities operated by LAL are starting to need more and more attention and money, whilst budgets keep getting tighter.

PH₂O was a vital response to these pressures, whilst also representing an opportunity to greatly enhance the excitement and interest in active lifestyles throughout Perthshire and Kinross, but we have struggled to win the necessary political and financial backing yet, so this remains more distant. In the meantime, we will continue to work with our partners like the Gannochy Trust, SportScotland and PKC to maintain the best service possible for local people across the area and to present the case for sport and activity as local priorities.

Ultimately, we want to provide the most available, affordable and high-quality access to leisure and sport for everyone who lives in Perthshire and Kinross and continue to attract tourists and visitors where appropriate too. To do this we need to provide high quality facilities, promote good customer service, to be responsive to customer needs, and to make it as easy as possible for people to participate. We need to continue to inspire people to live active lives and maximise our contribution to the physical and mental health of the area. That, after all, along with our stunning landscapes and environment, is a massive part of what makes this area such a special place to live.

I would like to close by thanking my fellow Board of Directors who have all committed time and energy into LAL's continued progress. I particularly want to thank those who have stepped down during the year and welcome those who have recently joined. I would especially like to welcome the new Chief Executive Officer to his new role. I look forward to working closely with him and his senior management team and the Board of Directors to do everything we can to engage ever more people in living more active lives.

M T Robinson, Chairman
25 October 2018

Live Active Leisure Limited

Operating and Financial Review for the Year Ended 31 March 2018

Achievements and Performance

Live Active Leisure's origins date back to 1965 when the Company was first incorporated under the name Bell's Sports Centre (Perth) Limited. The Company became a Sole Member organisation of Perth & Kinross Council on 20 June 2013 with the Company's new Articles of Association being adopted on this date. The objectives of the Company are to provide for the advancement of public participation in sport and the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended and the carrying on of such other related activities (providing they further a charitable purpose or purposes) as are consistent with the purposes set out above.

2015 marked the 50th Anniversary of Live Active Leisure's contribution to health and well-being through the whole of Perthshire and Kinross and is testament to LAL's long standing success that local people enjoy such high levels of participation in sport and physical activity.

Live Active Leisure own or operates 17 venues, plus 9 community halls across the 2000sq mile area, and added to that delivers an increasing range of activities and initiatives through the generous support from a number of partners, namely, the Gannochy Trust, NHS Tayside Perth and Kinross Council and new in the year MacMillan Cancer Support.

Live Active Leisure continues to attach great importance to progressing its PH2O Facility Vision with its 'spend to save' capacity being vital as revenue generation becomes increasingly significant as a result of the extremely challenging economic climate. The charity has continued its programme of necessary investment in a range of facilities and services across the Perth and Kinross area including a number of venue enhancements and essential maintenance. Until such times as our venue redevelopment vision is realised, it is increasingly necessary to make significant interim investment given the age and usage of key facilities.

The charitable company recognises the employees as its principal asset and welcomes the essential role which dedicated and skilled employees play in its continued success.

Financial review

Overall the financial year to 31st March 2018 was positive with an operational surplus for the year, however it was a year full of challenges and successes. Turnover was lower than the previous year, reflecting national trends across some areas, whilst many areas did achieve growth.

Despite the challenges, the range of activities delivered by the charitable company continues to grow and reflects demand, contractual priorities and commercial potential to assist the cross-subsidisation of social provision, thus reducing exposure to risk.

The charitable company remains committed to exploring the potential for delivering other sports and leisure services across the Perth and Kinross area where a business and service case can be presented and the achievement of 'added value' can be expected. The 'not for profit' construct of Live Active Leisure is considered to make this an approach that can most effectively serve both partner and community needs.

This commitment saw the transfer of further services from the Council to Live Active Leisure from 1 April 2016, both complementing and integrating with the existing service provision whilst remaining aligned to the company's vision "to be the provider of choice in Perth and Kinross".

Importantly, once again, the charitable company enjoyed the generous support of The Gannochy Trust in relation to delivering a myriad of Sports Related Initiatives. Additionally, the charitable company has also successfully attracted partnership funding from a number of other organisations, including Macmillan Cancer Support this year with their Move More initiative.

Looking forward, the ageing building portfolio will require significant investment and 2018 will see the re-covering of the iconic Dome at Bell's sports centre at a cost of c£750K. The continued investment in the facilities is required to ensure the charitable company can continue to make a very real contribution to the quality of life and general wellbeing of our communities whilst trading in a sustainable and efficient way.

Live Active Leisure Limited

Report of the Trustees for the Year Ended 31 March 2018

OBJECTIVES AND ACTIVITIES

Objectives and aims

Live Active Leisure Limited is a private company, limited by guarantee and not having share capital. The principle objectives of the Company are:

- to provide for the advancement of public participation in sport
- the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended

and the carrying on of such other related activities (providing they further a charitable purpose or purposes) as are consistent with the objectives set out above.

STRATEGIC REPORT

Financial review

Investment powers

In accordance with Article 7.18 of the charitable company's Articles of Association the charitable company has the power to invest monies under its charge as may be considered appropriate (and to dispose of, and vary, such investments).

Reserves policy

To continue to preserve and provide for long term viability, the charity must generate and retain a suitable level of reserves. In light of the financial climate and the challenging plans, the charity will continually review and update its Reserve Policy to ensure that reserves held are at an appropriate level and are designated, when required, for a specific purpose.

The Board has set a general unrestricted reserve target of 10% of total incoming resources, excluding restricted funds, property funding and pensions reserve, with a minimum of 8%. Resources in excess of target may be transferred to any designated reserve at the discretion of the board. These reserves are required in order to sustain operations over a period if temporary fluctuations in income and expenditure levels are experienced.

The charitable company currently has four designated reserves, the Lifecycle Maintenance Reserve, the PH₂O Reserve (previously Facility Vision Reserve), the Depreciation Reserve (previously Property Reserve) and the Specific Projects Reserve.

The purpose of the Lifecycle Maintenance Reserve is to fund major repairs and significant 'spend to save' initiatives.

The PH₂O reserve is designated specifically to contribute to the charitable company's vision for facilities at the Perth Leisure Pool/Dewars site.

The Depreciation Reserve is funded by grants received from external bodies and funds allocated by the charitable company with the purpose of buying or constructing property. The funds are fully committed for transfer to the General Reserve in line with the useful lives of the existing buildings.

The Specific Projects Reserve is designated to fund one-off projects, currently being funds for the Bells Dome Project.

The balances on the Reserves at 31 March 2018 were:

Health & Inclusion Fund	£	98K
The Ballechin Fund	£	2K
Financial Assistance Reserve	£	138K
Lifecycle Maintenance Reserve	£	1,063K
PH ₂ O Reserve	£	5,000K
Depreciation Reserve	£	10,888K
Specific Projects Reserve	£	750K
Other Reserve	£	1K
Pension Reserve	£	(4,285)K
General Reserve	£	1,215K

The existence of the pension deficit may be indicative of future increases in pension costs.

Live Active Leisure Limited

Report of the Trustees for the Year Ended 31 March 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charitable company is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Recruitment and appointment of new trustees

Appointment of Directors

It is the duty of the Company's Nominations Committee to recommend the appointment of new Directors to Perth & Kinross Council as Sole Member who thereafter approve any appointments on behalf of the charitable company.

Any vacancies on the Board are advertised in the press. Applications are invited from candidates who can demonstrate relevant experience or skills to support the operation of the charitable company and undertake a specific portfolio remit.

Selection is by interview.

Appointment of Elected Members

Perth & Kinross Council nominates three Elected Members to the Board for such a period as they deem fit and/or on their ceasing to be a Member of the Council.

Organisational structure

The charitable company's Board comprises 11 Directors of which 3 are nominated by Perth & Kinross Council. The Board meets on a bi-monthly basis and oversees the operation and governance of the charitable company. Directors also have individual specific remits for which they provide input and guidance.

The charitable company's management structure includes the Chief Executive Officer who reports to the Chairman and has overall responsibility for the charitable company's strategic operation and governance.

Induction and training of new trustees

An induction process is in place for new Directors. This covers the strategic and operational issues affecting the charitable company. The ongoing training needs of Directors are considered by the Board from time to time.

Related parties

Co-operation with other organisations

The charitable company operates independently and has a contractual relationship with Perth & Kinross Council for the delivery of Sport and Leisure Services under the terms of a Contract. Representatives of Perth & Kinross Council, Education & Children's Services act as monitoring agents of the contract on behalf of the Council. Under separate arrangements the charitable company leases land and buildings from Perth & Kinross Council on the basis of peppercorn or nominal rents.

Employees

The charitable company's consultative structure includes a HR Joint Review Group and Health and Safety Committee comprising employee and trade union representatives.

Communication is also made to employees by way of a weekly newsletter and regular team meetings.

Disabled persons

The company will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise.

During employment the company seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

Live Active Leisure Limited

Report of the Trustees for the Year Ended 31 March 2018

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The charity has undertaken a Business Risk Analysis. This analysis has resulted in a Risk Log that identifies the major risks that exist within the charitable company and the means by which the charitable company will manage such risks.

The charitable company carries out an annual review of its activities and produces an updated comprehensive risk schedule.

Policy on Equal Opportunities

Live Active Leisure Limited opposes any form of discrimination that disadvantages sections of the community and individuals because of the grouping with which they identify.

The charitable company seeks to achieve meaningful equal opportunities for all citizens, to reduce disadvantage and eliminate direct and indirect discrimination in the provision of services and the employment of people to deliver and administer those services.

The primary discriminating factors that the policy addresses are: age; disability; religion; ethnic origin; gender; and sexual orientation.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC042641 (Scotland)

Registered Charity number

SC000175

Registered office

Caledonia House
Hay Street
Perth
PH1 5HS

Trustees

Councillor H M L Stewart	(resigned 17.5.17)
Councillor G W Laing	
G W Bannerman	
W R L Duncan	(resigned 26.10.17)
M T Robinson	
D Longmuir	
Mrs L Hudson	(resigned 30.8.18)
Councillor M Williamson	(resigned 17.5.17)
C D Allan	
Ms M Colvin	
Councillor W B Robertson	(appointed 17.5.17)
Councillor A Forbes	(appointed 17.5.17, resigned 27.6.18)
D Maclehose	(appointed 16.2.18)
I Collins	(appointed 22.3.18)
Councillor B Brawn	(appointed 27.6.18)
L Scott	(appointed 30.8.18)

Company Secretary

J Moyes	(resigned 2.4.18)
Mrs F Cameron	(appointed 2.4.18)

Live Active Leisure Limited

Report of the Trustees for the Year Ended 31 March 2018

REFERENCE AND ADMINISTRATIVE DETAILS

- continued

Auditors

Campbell Dallas Audit Services
5 Whitefriars Crescent
Perth
Perthshire PH2 0PA

Solicitors

Anderson Beaton Lamond Solicitors
Bordeaux House
31 Kinnoull Street
Perth PH1 5EN

Bankers

The Bank of Scotland
10 – 16 King Edward Street
Perth PH1 5UT

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Live Active Leisure Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with 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".

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity 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 the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, Campbell Dallas Audit Services, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 25 October 2018 and signed on the board's behalf by:

M T Robinson - Trustee

Report of the Independent Auditors to the Trustees and Members of Live Active Leisure Limited

We have audited the financial statements of Live Active Leisure Limited ("the parent charitable company") for the year ended 31 March 2018 which comprise the Group and Parent Statement of Financial Activities, the Group and Parent Statement of Financial Position, the Group Statement of Cash Flows and related 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 and trustees those matters we are required to state to them in an auditors' 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 and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2018 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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 Auditors 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 UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Chairman's Report and annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Report of the Independent Auditors to the Trustees and Members of Live Active Leisure Limited

Opinion 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chairman's Report and the Report of the Trustees.

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 group 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 parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

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

Neil Morrison (Senior Statutory Auditor)
for and on behalf of Campbell Dallas Audit Services
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
5 Whitefriars Crescent
Perth
Perthshire
PH2 0PA

25 October 2018

Live Active Leisure Limited

**Consolidated Statement of Financial Activities (including consolidated income and expenditure account)
for the Year Ended 31 March 2018**

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM						
Charitable activities	5					
Operating Activities		5,211,691	-	27,051	5,238,742	5,435,391
Services to Perth & Kinross Council		4,818,328	-	-	4,818,328	4,793,135
Grant Funding		3,969	-	452,902	456,871	214,726
Investment income	4	42,855	-	-	42,855	39,762
Total		10,076,843	-	479,953	10,556,796	10,483,014
EXPENDITURE ON Charitable activities						
Operating Activities	6	9,739,380	626,925	310,031	10,676,336	10,761,623
Grants for Sporting & Recreational Purposes		-	-	56,402	56,402	36,896
Pension Fund Costs		947,000	-	-	947,000	407,000
Total		10,686,380	626,925	366,433	11,679,738	11,205,519
NET INCOME/(EXPENDITURE)		(609,537)	(626,925)	113,520	(1,122,942)	(722,505)
Transfers between funds	17	(268,669)	268,669	-	-	-
Actuarial gains/(losses) on defined benefit schemes		5,855,000	-	-	5,855,000	(4,422,000)
Net movement in funds		4,976,794	(358,256)	113,520	4,732,058	(5,144,505)
RECONCILIATION OF FUNDS						
Total funds brought forward		(8,046,827)	18,059,639	125,721	10,138,533	15,283,038
TOTAL FUNDS CARRIED FORWARD		<u>(3,070,033)</u>	<u>17,701,383</u>	<u>239,241</u>	<u>14,870,591</u>	<u>10,138,533</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

Live Active Leisure Limited

**Statement of Financial Activities (including income and expenditure account)
for the Year Ended 31 March 2017**

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	3	10,000	-	-	10,000	67,000
Charitable activities	5					
Operating Activities		4,984,832	-	27,051	5,011,883	5,102,595
Services to Perth & Kinross Council		4,818,328	-	-	4,818,328	4,793,135
Grant Funding		3,969	-	452,902	456,871	214,726
Investment income	4	42,855	-	-	42,855	39,762
Total		9,859,984	-	479,953	10,339,937	10,217,218
EXPENDITURE ON Charitable activities						
Operating Activities	6	9,522,521	626,925	310,031	10,459,477	10,495,827
Grants for Sporting & Recreational Purposes		-	-	56,402	56,402	36,896
Pension Fund Costs		947,000	-	-	947,000	407,000
Total		10,469,521	626,925	366,433	11,462,879	10,939,723
NET INCOME/(EXPENDITURE)		(609,537)	(626,925)	113,520	(1,122,942)	(722,505)
Transfers between funds	17	(268,669)	268,669	-	-	-
Actuarial gains/(losses) on defined benefit schemes		5,855,000	-	-	5,855,000	(4,422,000)
Net movement in funds		4,976,794	(358,256)	113,520	4,732,058	(5,144,505)
RECONCILIATION OF FUNDS						
Total funds brought forward		(8,046,826)	18,059,639	125,721	10,138,534	15,283,039
TOTAL FUNDS CARRIED FORWARD		<u>(3,070,032)</u>	<u>17,701,383</u>	<u>239,241</u>	<u>14,870,592</u>	<u>10,138,534</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

Live Active Leisure Limited

**Consolidated Statement of Financial Position
At 31 March 2018**

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	2018 Total funds £	2017 Total Funds £
FIXED ASSETS						
Tangible assets	12	-	10,888,383	-	10,888,383	10,939,640
Investments	13	529	-	-	529	574
		529	10,888,383	-	10,888,912	10,940,214
CURRENT ASSETS						
Stocks	14	51,994	-	-	51,994	50,393
Debtors	15	416,829	-	-	416,829	817,106
Cash at bank and in hand		2,169,065	6,813,000	239,241	9,221,306	8,948,846
		2,637,888	6,813,000	239,241	9,690,129	9,816,345
CREDITORS						
Amounts falling due within one year	16	(1,423,450)	-	-	(1,423,450)	(1,425,026)
NET CURRENT ASSETS		<u>1,214,438</u>	<u>6,813,000</u>	<u>239,241</u>	<u>8,266,679</u>	<u>8,391,319</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,214,967	17,701,383	239,241	19,155,591	19,331,533
PENSION LIABILITY	18	(4,285,000)	-	-	(4,285,000)	(9,193,000)
NET ASSETS		<u>(3,070,033)</u>	<u>17,701,383</u>	<u>239,241</u>	<u>14,870,591</u>	<u>10,138,533</u>
FUNDS						
Unrestricted funds	17				14,631,350	10,012,812
Restricted funds					239,241	125,721
TOTAL FUNDS					<u>14,870,591</u>	<u>10,138,533</u>

The financial statements were approved by the Board of Trustees on 25 October 2018 and were signed on its behalf by:

M T Robinson -Trustee

D Longmuir – Trustee

The notes form part of these financial statements

Live Active Leisure Limited

**Statement of Financial Position
At 31 March 2018**

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
FIXED ASSETS						
Tangible assets	12	-	10,888,383	-	10,888,383	10,939,640
Investments	13	530	-	-	530	575
		530	10,888,383	-	10,888,913	10,940,215
CURRENT ASSETS						
Stocks	14	43,187	-	-	43,187	42,512
Debtors	15	426,250	-	-	426,250	842,007
Cash at bank and in hand		2,134,166	6,813,000	239,241	9,186,407	8,902,885
		2,603,603	6,813,000	239,241	9,655,844	9,787,404
CREDITORS						
Amounts falling due within one year	16	(1,389,165)	-	-	(1,389,165)	(1,396,085)
NET CURRENT ASSETS		<u>1,214,438</u>	<u>6,813,000</u>	<u>239,241</u>	<u>8,266,679</u>	<u>8,391,319</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,214,968	17,701,383	239,241	19,155,592	19,331,534
PENSION LIABILITY	18	(4,285,000)	-	-	(4,285,000)	(9,193,000)
NET ASSETS		<u>(3,070,032)</u>	<u>17,701,383</u>	<u>239,241</u>	<u>14,870,592</u>	<u>10,138,534</u>
FUNDS						
Unrestricted funds	17				14,631,351	10,012,813
Restricted funds					239,241	125,721
TOTAL FUNDS					<u>14,870,592</u>	<u>10,138,534</u>

The financial statements were approved by the Board of Trustees on 25 October 2018 and were signed on its behalf by:

M T Robinson - Trustee

D Longmuir – Trustee

The notes form part of these financial statements

Live Active Leisure Limited**Consolidated Statement of Cash Flows
for the Year Ended 31 March 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	834,782	154,937
Interest paid		(24,278)	(25,365)
Interest element of hire purchase and finance lease rental payments		<u>(5,229)</u>	<u>(4,512)</u>
Net cash provided by operating activities		<u>805,275</u>	<u>125,060</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(575,670)	(14,043)
Interest received		<u>42,855</u>	<u>39,762</u>
Net cash (used in) / provided by investing activities		<u>(532,815)</u>	<u>25,719</u>
Change in cash and cash equivalents in the reporting period		272,460	150,779
Cash and cash equivalents at the beginning of the reporting period		<u>8,948,846</u>	<u>8,798,067</u>
Cash and cash equivalents at the end of the reporting period		<u>9,221,306</u>	<u>8,948,846</u>

The notes form part of these financial statements

Live Active Leisure Limited

**Notes to the Statement of Cash Flows
for the Year Ended 31 March 2018**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,122,942)	(722,505)
Adjustments for:		
Depreciation charges	626,926	597,512
Loss on disposal of building	-	245,654
Interest received	(42,855)	(39,762)
Interest paid	24,278	25,365
Interest element of hire purchase and finance lease rental payments	5,229	4,512
Impairment/(increase in value) of investments	45	(192)
Increase in stocks	(1,600)	(6,764)
Decrease/(increase) in debtors	419,768	(490,419)
(Decrease)/increase in creditors	(21,067)	134,536
Difference between pension charge and cash contributions	<u>947,000</u>	<u>407,000</u>
Net cash provided by operating activities	<u><u>834,782</u></u>	<u><u>154,937</u></u>

The notes form part of these financial statements

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 preparing the financial statements

The financial statements of the charitable company have been prepared in accordance with Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and 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). They are prepared on the historical cost basis.

Live Active Leisure Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgements in the process of applying the 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.

Basis of consolidation

The financial statements consolidate the results of the charitable company and its wholly owned subsidiary Live Active Leisure Trading Limited (company number SC420693), registered in Scotland) on a line-by-line basis. The company together with Live Active Leisure Trading Limited comprises the Group.

As described in Note 21 Live Active Leisure Limited is deemed to be a subsidiary undertaking of its ultimate parent, Perth and Kinross Council. Accordingly, the financial statements of Perth and Kinross Council will incorporate the results of Live Active Leisure Limited and its trading subsidiary.

Recognition and allocation of income

All income is recognised when the charitable company has legal entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. Where practicable, income is related to the operating activities of the charitable company. Where there are terms placed on income that limit the company's discretion over how the income can be used, that income is shown as restricted income in the accounts.

Income from grants, donations and legacies

Where there are performance conditions attached to any grants and donations, income is recognised when the conditions have been met or when meeting the conditions are within the company's control and there is sufficient evidence that they have been met or will be met. Where a grant condition allows for recovery of any unexpended grant, a liability is recognised when repayment becomes probable. Where donor imposed conditions require that the resource is expended in a future accounting period, income is recorded as deferred income at the Balance Sheet date.

Entitlement to legacy income exists when the company has sufficient evidence that a gift has been left, the executor is satisfied that the gift will not be required to satisfy claims on the estate and any conditions are within the control of the company or have been met. Where legacies have been notified to the company and the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. Legacy income is measured at fair value, generally the cash amount receivable and discounted if deferred for more than 12 months. The unwinding of the discount is recognised as interest receivable.

Where incoming resources are given specifically to provide a fixed asset, or a fixed asset is donated, all of the incoming resource is recognised in the Statement of Financial Activities when receivable. Once the asset is acquired, the relevant fund is reduced over the useful economic life of the asset in line with its depreciation.

1. ACCOUNTING POLICIES - continued

Income from charitable activities

Incoming resources from charitable activities: Perth and Kinross Council service fees; income derived from operation of the sports facilities and all other sports related programmes.

Income from investments

Interest on funds held on deposit is credited to income in the period in which it is receivable.

Expenditure

Expenditure is recognised when the company has entered into a legal or constructive obligation and related where practicable to the operation activities of the company. Where possible, expenditure is attributed directly to the function to which it relates. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Resources expended are included in the Statement of Financial Activities on an accruals basis.

Fund accounting

Unrestricted funds are income sources which are receivable for the objects of the charity without further specified purpose and are available as general funds.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

Transfers from unrestricted funds are made to meet any shortfalls in restricted projects.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% - 8% on cost
Plant and machinery	- 20% - 33% on cost

Individual fixed assets costing more than £10,000 are capitalised at cost. IT equipment and assets relating to refurbishment are expended in full in the year of purchase.

Investments

The charity's investment in its wholly owned subsidiary is included in the charity's balance sheet at cost less impairment.

Stock

Stock is valued at the lower of cost and net realisable value. Cost comprises actual purchase prices of goods for resale, uniforms and consumables.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments.

Creditors and provisions

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

1. ACCOUNTING POLICIES - continued

Taxation

Live Active Leisure Limited is a partially exempt organisation under Schedule 0 of the VAT Act 1994. During the year, VAT returns have been submitted on a partially exempt basis.

Irrecoverable VAT is charged against the cost of activities where it is incurred.

The charitable company is a registered charity and therefore is not liable to income tax and corporation tax on income and gains derived from its charitable activities, as it falls within the various exemptions available for registered charities.

The subsidiary company has an obligation to covenant any available taxable profits up to Live Active Leisure Limited under Gift Aid.

Pensions

The charity is a member of the Tayside Superannuation Fund ('the Fund'), a defined benefit pension scheme. A defined benefit pension plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to: age, length of service, and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually, the company engages with independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts, together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial loss on defined benefit schemes'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from an employee service during the period, and;
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is recognised in profit or loss as 'Other finance costs'.

2. CRITICAL JUDGEMENTS AND ESTIMATES

In preparing the financial statements, trustees 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 these 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).

Live Active Leisure Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

3. INCOME FROM DONATIONS

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Gift Aid from subsidiary	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>67,000</u>

4. INVESTMENT INCOME

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Deposit account interest	<u>42,855</u>	<u>39,762</u>	<u>42,855</u>	<u>39,762</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Operating activities	5,238,742	5,435,391	5,011,883	5,102,595
Services to Perth & Kinross Council	4,818,328	4,793,135	4,818,328	4,793,135
Grant funding	<u>456,871</u>	<u>214,726</u>	<u>456,871</u>	<u>214,726</u>
	<u>10,513,941</u>	<u>10,443,252</u>	<u>10,287,082</u>	<u>10,110,456</u>

Income from charitable activities was £10,513,941 (2017 - £10,443,252) of which £10,033,988 (2017 - £10,226,604) was unrestricted and £479,953 was restricted (2017 - £216,648).

6. EXPENDITURE ON CHARITABLE ACTIVITIES

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Operating activities	10,662,828	10,738,547	10,448,469	10,475,264
Grant funding	56,402	36,896	56,402	36,896
Support costs	<u>13,508</u>	<u>23,076</u>	<u>11,008</u>	<u>20,563</u>
	<u>10,732,738</u>	<u>10,798,519</u>	<u>10,515,879</u>	<u>10,532,723</u>

Expenditure on charitable activities was £10,732,738 (2017 - £10,798,519) of which £10,366,305 (2017 - £10,505,225) was unrestricted and £366,433 was restricted (2017 - £293,294).

7. GRANTS PAYABLE

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Grants for Sporting & Recreational Purposes	<u>56,402</u>	<u>36,896</u>	<u>56,402</u>	<u>36,896</u>

8. SUPPORT COSTS

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Professional fees	<u>13,508</u>	<u>23,076</u>	<u>11,008</u>	<u>20,563</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Auditor's remuneration	13,508	14,004	11,008	11,491
Other non-audit services	-	9,072	-	9,072
Deficit on disposal of fixed asset	-	245,654	-	245,654
Depreciation – owned assets	<u>626,927</u>	<u>597,511</u>	<u>626,927</u>	<u>597,511</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

The charity trustees were not paid or received any other benefits from employment with the charity or its subsidiary in the year (2017 - £ nil) nor were they reimbursed expenses during the year (2017 - £ nil).

No charity trustees received payment for professional or other services (2017 - £ nil).

The key management personnel of the parent charity comprise the trustees, the Chief Executive Officer, Head of Operations and Financial Controller. The total employee benefits of the key management personnel of the charitable company were £202,229 (2017 - £197,575). A relevant proportion of these benefits are recharged to the trading subsidiary within the management charge.

11. STAFF COSTS

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	5,561,756	5,532,765	5,469,813	5,423,570
Social security costs	355,347	359,227	350,079	351,551
Other pension costs	<u>779,070</u>	<u>730,791</u>	<u>768,565</u>	<u>717,886</u>
	<u>6,696,173</u>	<u>6,622,783</u>	<u>6,588,457</u>	<u>6,493,007</u>

The average monthly number of employees during the year was as follows:

	2018	2017
Instruction	44	45
Leisure management	47	47
Operational	142	149
Support	22	20
Directors	10	10
	<u>265</u>	<u>271</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018	2017
£70,001 - £80,000	<u>1</u>	<u>1</u>

12. TANGIBLE FIXED ASSETS – charity (also comprising that of the group)

	Freehold property £	Plant and machinery £	Totals £
COST			
At 1 April 2017	18,551,433	739,448	19,290,881
Additions	<u>176,147</u>	<u>399,523</u>	<u>575,670</u>
At 31 March 2018	<u>18,727,580</u>	<u>1,138,971</u>	<u>19,866,551</u>
DEPRECIATION			
At 1 April 2017	7,816,748	534,493	8,351,241
Charge for year	<u>461,251</u>	<u>165,676</u>	<u>626,927</u>
At 31 March 2018	<u>8,277,999</u>	<u>700,169</u>	<u>8,978,168</u>
NET BOOK VALUE			
At 31 March 2018	<u>10,449,581</u>	<u>438,802</u>	<u>10,888,383</u>
At 31 March 2017	<u>10,734,685</u>	<u>204,955</u>	<u>10,939,640</u>

13. FIXED ASSET INVESTMENTS

	Shares in group undertaking £	Listed investments £	Totals £
MARKET VALUE			
At 1 April 2017	1	574	575
Impairment	<u>-</u>	<u>(45)</u>	<u>(45)</u>
At 31 March 2018	<u>1</u>	<u>529</u>	<u>530</u>
NET BOOK VALUE			
At 31 March 2018	<u>1</u>	<u>529</u>	<u>530</u>
At 31 March 2017	<u>1</u>	<u>574</u>	<u>575</u>

There were no investment assets outside the UK.

Live Active Leisure Limited

Notes to the Financial Statements - continued for the Year Ended 31 March 2018

13. FIXED ASSET INVESTMENTS - continued

Unlisted investments relate entirely to Live Active Leisure Limited's beneficial interest in its trading subsidiary, Live Active Leisure Trading Limited. It is represented by one £1 ordinary share held in Live Active Leisure Trading Limited (company number: SC420693).

Live Active Leisure Trading Limited, incorporated in Scotland, is a wholly-owned subsidiary of Live Active Leisure Limited, established in order to operate facility rental, bar and catering services on behalf of the group.

Net assets of Live Active Leisure Trading Limited at 31 March 2018 totalled £1 which comprised current assets of £72,710 and liabilities of £72,709. Relevant financial information regarding Live Active Leisure Trading Limited for the year ended 31 March 2018 is as follows:

	2018	2017	£	£
Turnover		312,582		410,908
Cost of sales		<u>219,007</u>		<u>251,779</u>
Gross profit		93,575		159,129
Administrative expenses		<u>83,575</u>		<u>92,129</u>
Profit on ordinary activities before taxation		10,000		67,000
Tax on profit on ordinary activities		-		-
Profit for the financial period		<u>10,000</u>		<u>67,000</u>

14. STOCKS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Stocks	<u>51,994</u>	<u>50,393</u>	<u>43,187</u>	<u>42,512</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	311,591	727,458	282,588	694,445
Amounts owed by group undertakings	-	-	38,424	57,914
Prepayments	<u>105,238</u>	<u>89,648</u>	<u>105,238</u>	<u>89,648</u>
	<u>416,829</u>	<u>817,106</u>	<u>426,250</u>	<u>842,007</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	253,944	314,699	245,090	305,171
Social security and other taxes	178,370	175,032	178,370	175,032
VAT	187,096	220,637	173,209	209,173
Other creditors	-	9,996	-	9,996
Income in advance	274,827	106,753	274,287	106,165
Accrued expenses	<u>529,213</u>	<u>597,909</u>	<u>518,209</u>	<u>590,548</u>
	<u>1,423,450</u>	<u>1,425,026</u>	<u>1,389,165</u>	<u>1,396,085</u>

17. MOVEMENT IN FUNDS

	At 1.4.17 £	Net movement in funds £	Transfers between funds £	At 31.3.18 £
Unrestricted funds				
General funds	(8,046,827)	5,245,465	(268,671)	(3,070,033)
Lifecycle Maintenance Reserve	1,675,000	-	(612,000)	1,063,000
PH ₂ O Reserve	5,000,000	-	-	5,000,000
Specific Projects Reserve	445,000	-	305,000	750,000
Depreciation Reserve	<u>10,939,639</u>	<u>(626,927)</u>	<u>575,671</u>	<u>10,888,383</u>
	10,012,812	4,618,538	-	14,631,350
Restricted funds				
Financial Assistance	49,768	88,363	-	138,131
Health & Inclusion Reserve	62,325	35,820	-	98,145
Ballechin Fund	9,321	(7,194)	-	2,127
Other Reserve	<u>4,307</u>	<u>(3,469)</u>	<u>-</u>	<u>838</u>
	125,721	113,520	-	239,241
TOTAL FUNDS	<u><u>10,138,533</u></u>	<u><u>4,732,058</u></u>	<u><u>-</u></u>	<u><u>14,870,591</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General funds	10,076,842	(10,686,377)	5,855,000	5,245,465
Depreciation Reserve	-	(626,927)	-	(626,927)
	10,076,842	(11,313,304)	5,855,000	4,618,538
Restricted funds				
Financial Assistance	197,922	(109,559)	-	88,363
Health & Inclusion Reserve	282,032	(246,212)	-	35,820
Ballechin Fund	-	(7,194)	-	(7,194)
Other Reserve	<u>-</u>	<u>(3,469)</u>	<u>-</u>	<u>(3,469)</u>
	479,954	(366,434)	-	113,520
TOTAL FUNDS	<u><u>10,556,796</u></u>	<u><u>(11,679,738)</u></u>	<u><u>5,855,000</u></u>	<u><u>4,732,058</u></u>

18. EMPLOYEE BENEFIT OBLIGATIONS

DEFINED BENEFIT SCHEME

The charitable company is an admitted body to the Local Government Pension Scheme (LGPS). This is a defined benefit scheme to which all employees are eligible to join. The LGPS is operated through a number of local Pension Funds with Live Active Leisure Limited and its employees contributing to the Tayside Superannuation Fund administered by Dundee City Council. In the year to 31 March 2018, the employer's contribution rate was 17% of earnings by employees. The employers' contribution rate will be 17% for the next financial year.

The amounts recognised in the statement of financial position are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Present value of funded obligations	(25,905,000)	(28,080,000)
Fair value of plan assets	<u>21,620,000</u>	<u>18,887,000</u>
	<u>(4,285,000)</u>	<u>(9,193,000)</u>
Deficit	<u>(4,285,000)</u>	<u>(9,193,000)</u>
Liability	<u><u>(4,285,000)</u></u>	<u><u>(9,193,000)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Current service cost	1,459,000	949,000
Net interest from net defined benefit asset/liability	787,000	747,000
Contributions by employer	(765,000)	(705,000)
Administration expenses	<u>6,000</u>	<u>6,000</u>
	<u>1,487,000</u>	<u>997,000</u>
Actual return on plan assets	<u><u>(131,000)</u></u>	<u><u>(590,000)</u></u>

18. EMPLOYEE BENEFIT OBLIGATIONS
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Defined benefit obligation	28,080,000	19,192,000
Current service cost	1,459,000	949,000
Contributions by scheme participants	265,000	245,000
Interest cost	787,000	747,000
Change in financial assumptions	(1,480,000)	7,293,000
Benefits paid net of transfers in	(230,000)	(346,000)
Experience gain/(loss) on defined benefit obligation	(1,373,000)	-
Change in demographic assumptions	(1,603,000)	-
	<u>25,905,000</u>	<u>28,080,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Fair value of scheme assets	18,887,000	14,828,000
Interest on assets	540,000	590,000
Return on assets less interest	519,000	2,871,000
Contributions by employer	765,000	705,000
Contributions by scheme participants	265,000	245,000
Administration expenses	(6,000)	(6,000)
Actuarial gains/(losses)	880,000	-
Benefits paid net of transfers in	(230,000)	(346,000)
	<u>21,620,000</u>	<u>18,887,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Change in demographic assumptions	1,603,000	-
Change in financial assumptions	3,733,000	(7,293,000)
Return on assets less interest	519,000	2,871,000
	<u>5,855,000</u>	<u>(4,422,000)</u>

18. EMPLOYEE BENEFIT OBLIGATIONS
- continued

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Equities	14,942,000	13,597,000
Gilts	1,146,000	1,252,000
Other bonds	2,503,000	1,863,000
Property	2,548,000	1,863,000
Cash	478,000	312,000
Alternatives	3,000	-
	<u>21,620,000</u>	<u>18,887,000</u>

The charitable company, acting through the administering authority, has employed the fund's actuaries Barnett Waddingham to value Live Active Leisure Limited's share of the assets and liabilities of Tayside Superannuation Fund as at 31 March 2018. The actuaries have used the following financial assumptions in their calculations:

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages)

	2018	2017
Discount rate	2.6%	2.8%
Future salary increases	3.3%	3.7%
Future pension increases	2.3%	2.7%

These assumptions are set with reference to market conditions at 31 March 2018. The estimate of the duration of the employer's liabilities is 28 years.

The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA-rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England (BoE), specifically the 25 year point on the BoE market implied inflation curve. The RPI assumption is therefore 3.6%. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, a further assumption is made about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.3% p.a. The actuaries believe that this is a reasonable estimate for future differences in the indices, based on the different calculation methods and recent independent forecasts. This is a slightly higher deduction than at the last accounting date where we assumed that CPI was 0.9% lower than RPI.

Salaries are assumed to increase at 1.0% p.a. above CPI in addition to a promotional scale.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

18. EMPLOYEE BENEFIT OBLIGATIONS
- continued

Life Expectancy from age 65 years:

	2018	2018	2017	2017
	Males	Females	Males	Females
Retiring today	20.3	22.2	21.4	23.5
Retiring in 20 years	22.1	24.1	23.7	25.8

Sensitivity Analysis

The following table sets out the impact of a small change in the assumptions on the defined benefit obligation and projected service cost.

	£'000	£'000	£'000
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	25,201	25,905	26,629
Projected service cost	1,505	1,550	1,596
Adjustment to long term salary increase	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	26,007	25,905	25,804
Projected service cost	1,551	1,550	1,549
Adjustment to pension increases and deferred revaluation	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	26,528	25,905	25,300
Projected service cost	1,595	1,550	1,506
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	26,784	25,905	25,055
Projected service cost	1,599	1,550	1,502

Amounts for the current and previous periods are as follows:

	2018	2017
	£	£
Defined benefit pension plans		
Defined benefit obligation	(25,905,000)	(28,080,000)
Fair value of scheme assets	<u>21,620,000</u>	<u>18,887,000</u>
Deficit	<u>(4,285,000)</u>	<u>(9,193,000)</u>

Projections for the year to 31 March 2019

	£
Service cost	1,550
Administration expenses	87
Net interest on the defined liability	<u>102</u>
Total	<u>1,739</u>
Employer contributions	756

Note - these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2018. These projections are based on the assumptions as at 31 March 2018, as described in this note.

18. EMPLOYEE BENEFIT OBLIGATIONS
- continued

DEFINED CONTRIBUTION SCHEME

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension charge represents contributions payable by the charitable company and amounted to £15K (2017 - £6K)

19. CAPITAL COMMITMENTS

	2018	2017
	£	£
Contracted but not provided for in the financial statements	<u>750,000</u>	<u>78,425</u>

20. PURPOSES OF RESTRICTED FUNDS

Health & Inclusion Reserve

The Health & Inclusion Reserve is a restricted reserve in so far as the charitable company receives grants from a number of external sources, including NHS Tayside, for health improvement and inclusion remits and initiatives for the purpose of supporting programme and service development for this agenda.

Financial Assistance Reserve

The Financial Assistance Reserve is a restricted reserve in so far as the charitable company receives an annual grant from the Gannochy Trust for the purpose of awarding financial assistance to sports initiatives.

The Ballechin Fund

A legacy of £30K was received on 10 March 2008 from Miss E M Honeyman's estate to be known as The Ballechin Fund to be utilised solely for the maintenance or capital expenditure associated with the new recreation centre to be built within the new Aberfeldy Community School.

Other

A grant was received for support of Community Sports Hubs.

21. RELATED PARTY TRANSACTIONS

The parent and ultimate controlling party is Perth & Kinross Council.

Substantial funding is received from Perth & Kinross Council by way of grants and service level fees for general purposes and other activities.

Perth & Kinross Council is the sole member of Live Active Leisure Limited. As sole member, Perth & Kinross Council has certain powers of control which are set out in the Articles, including the right to nominate up to 3 elected members of Council to serve on the board of directors, as well as to decide on the appointment and removal of all other directors.

Given the degree of control and influence which exists in the funding, operational and governance relationship, 100% of Live Active Leisure Limited's general funds and net assets are consolidated in Perth & Kinross Council's annual group accounts, in accordance with financial reporting and accounting standards and other regulations applicable to local authorities delivering services through arm's length external organisations.

Related party transactions and balances with Perth & Kinross Council are exempted from disclosure in accordance with paragraph 33.11(a) of FRS 102.

Balances and transactions between the company and its wholly owned subsidiary, Live Active Leisure Trading Limited, have been eliminated on consolidation in these group accounts and are exempted from disclosure in accordance with paragraph 1.12(e) of FRS 102.

22. PURPOSES OF DESIGNATED FUNDS

The designated reserves are funds set aside by the Board out of unrestricted reserves for the purposes of projects:

Lifecycle Maintenance Reserve

The Lifecycle Maintenance Reserve is funds set aside for major repairs and significant 'spend to save' initiatives. It is funded by resources allocated by the charitable company.

PH₂O Reserve

The PH₂O Reserve is funds set aside for the delivery of the charity's Facility Vision projects. It is funded by resources allocated by the charitable company which in turn support the submission of external funding support applications.

Depreciation Reserve

The Depreciation Reserve has been funded by grants received from external bodies and funds allocated by the charitable company for investment in the purchase or construction of buildings. The funds are fully committed for transfer to the general reserve in line with the useful lives of the existing buildings.

The Specific Projects Reserve

The Specific Projects Reserve comprises funds set aside for one-off major repairs, currently being for the Bells Dome repair. It is funded by resources allocated by the charity.