



LIVE ACTIVE LEISURE LTD

ANNUAL REPORT

2018/19

LIVE ACTIVE LEISURE LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr C D Allan Councillor B Brawn Mr I P Collins Ms M Colvin Councillor G W Laing Mr D A Longmuir Mr D Maclehose Councillor W B Robertson Mr M T Robinson Ms L Scott Dr I N Blair	(Appointed 27 June 2018) (Appointed 30 August 2018) (Appointed 20 June 2019)
Secretary	Mrs F Cameron	
Chief Executive Officer	Mr P Cromwell	
Charity number (Scotland)	SC000175	
Company number	SC042641 (Scotland)	
Registered office	Caledonia House Hay Street Perth PH1 5HS	
Auditor	Campbell Dallas Audit Services 5 Whitefriars Crescent Perth PH2 0PA	

LIVE ACTIVE LEISURE LIMITED

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LIVE ACTIVE LEISURE LIMITED

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 MARCH 2019

I am pleased to present the Annual Report on the operation of Live Active Leisure Limited (LAL) for the Financial Year to 31 March 2019. It has not been a particularly easy year as budgets continue to be tight, the wider economy somewhat unsettled, and buildings continue to age. It is testament to the staff and Board of LAL, our colleagues in Perth & Kinross Council and the invaluable support of our partners, in particular the Gannochy Trust, that we have not only achieved the results we have, and begun to tackle some of the more critical building repairs, but also that we can look forward with such optimism to the next few years and the likely realisation of some major capital investment in sport and leisure in the area.

As Chairman, I would like to record my appreciation to all the staff of Live Active Leisure for another busy year contributing to the health and wellbeing of the communities of Perthshire and Kinross. It provides testament to LAL's long standing success that local people enjoy such high levels of participation in sport and physical activity and it is heartening that this is increasingly recognised and valued at the highest levels.

LAL aims 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.

Many of these services rely on the beneficial relationships that Live Active Leisure enjoys with a range of individuals and other organisations. Our ever-increasing partnership working is making a very significant positive impact on the health and wellbeing of people across our communities and for that we must thank the work and support of our key partners – most notably Perth & Kinross Council, The Gannochy Trust, NHS Tayside, **sportscotland** and MacMillan Cancer Support.

This year marked two major milestones for the charitable company, with Bell's Sport Centre marking 50 years since it first opened its doors to the public on 15 October 1968 and Strathearn Community Campus, formerly Strathearn Recreation Centre celebrating its 20-year anniversary on 31 August 2018. Both these occasions were celebrated with open days and the attendance at both venues highlights how valuable they are to the communities that they serve.

As the organisation ages so does the building portfolio, which requires significant investment to maintain the high standards that are expected. In this financial year the iconic dome roof of Bell's Sport Centre was re-covered at a cost of c£750K, as part of the Company's programme of necessary investment in the facilities.

PH2O continues to be an essential project and we are delighted at the progress this is making. We will be working closely with Officers within Perth and Kinross Council to develop the full Business Case. In addition, with Perth & Kinross Council's commitment to the facilities in the High School in Blairgowrie, and the Gannochy Trust's interest in Bell's Sports Centre, there is a great deal to look forward to over the next 3 to 6 years.

I would like to close by thanking my fellow Board of Directors - all volunteers and all of whom commit such time and energy into LAL's continued progress and whose expertise and counsel I value enormously. I have no doubt that this positive momentum around our core projects would not have happened without their substantial help. I particularly want to thank Mrs Leigh Hudson, Mr Gordon Bannerman and Councillor Angus Forbes who have stepped down as Trustees during this year but have provided so much backing and expertise to help ensure Perthshire & Kinross-shire remain one of the healthiest places to live. I would also like to welcome our new Trustees – Mrs Lynsey Scott, Councillor Brawn and Dr Blair whom we look forward to working with over the coming years.

Mr M T Robinson

Chairman

Dated: 24 October 2019

LIVE ACTIVE LEISURE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2019

The trustees present their report and financial statements for the year ended 31 March 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's governing document, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) 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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

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

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the trustees to present a strategic report.

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.

In this financial year Live Active Leisure owned or operated 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 Perth & Kinross Council, The Gannochy Trust, NHS Tayside, **sportscotland** and MacMillan Cancer Support.

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.

LIVE ACTIVE LEISURE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Financial review

The financial year to 31 March 2019 was particularly challenging and the overall result was an operational deficit for the year. Turnover was lower than the previous year due to a range of factors, including economic pressures and the unprecedented good weather during the first six months of the financial year, however some areas did achieve growth.

As economic pressures persist, the charitable company remains committed to continually evaluating how services are delivered to ensure it is sustainable for generations to come, through reviewing the business processes, committing to environmental efficiencies and seeking to introduce innovative solutions 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.

Despite the challenges, there are many opportunities for Live Active Leisure to make a positive impact and with venues at the heart of communities in Perth and Kinross, the charity has continued its programme of necessary investment in a range of facilities and services across the area to ensure the needs of the customers are met. During this financial year alone, the iconic Dome at Bell's Sport Centre was re-covered at a cost of c£750K.

Moving forward, and given the ageing building portfolio, Live Active Leisure continues to attach great importance to progressing its PH2O Facility Vision and until such times as the vision is realised, it is increasingly necessary to make significant investment given the age and usage of key facilities.

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.

LIVE ACTIVE LEISURE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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.

The balances on the Reserves at 31 March 2019 were:

Health & Inclusion Fund	£	125K
The Ballechin Fund	£	2K
Financial Assistance Reserve	£	106K
Lifecycle Maintenance Reserve	£	1,189K
PH2O Reserve	£	5,000K
Depreciation Reserve	£	11,006K
Specific Projects Reserve	£	18K
Other Reserve	£	2K
Pension Reseve	£	(5,646)K
General Reserve	£	1,126K

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

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).

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.

LIVE ACTIVE LEISURE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr C D Allan	
Councillor B Brawn	(Appointed 27 June 2018)
Mr I P Collins	
Ms M Colvin	
Councillor G W Laing	
Mr D A Longmuir	
Mr D Maclehose	
Councillor W B Robertson	
Mr M T Robinson	
Ms L Scott	(Appointed 30 August 2018)
Mr G Bannerman	(Resigned 13 December 2018)
Councillor A Forbes	(Resigned 27 June 2018)
Mrs L Hudson	(Resigned 30 August 2018)
Dr I N Blair	(Appointed 20 June 2019)

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.

LIVE ACTIVE LEISURE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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.

Employee involvement

The charitable company's consultative structure includes a HR Joint Review Group and Health & 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.

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.

LIVE ACTIVE LEISURE LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Statement of trustees' responsibilities

The trustees, who are also the directors of Live Active Leisure Limited for the purpose of company law, are responsible for preparing the Trustees' 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 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 year.

In preparing these financial statements, the trustees 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and 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.

Auditor

In accordance with the company's articles, a resolution proposing that Campbell Dallas Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report, including the strategic report, was approved by the Board of Trustees.

Mr D A Longmuir

Trustee

Dated: 24 October 2019

Mr M T Robinson

Trustee

Dated: 24 October 2019

LIVE ACTIVE LEISURE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIVE ACTIVE LEISURE LIMITED

Opinion

We have audited the financial statements of Live Active Leisure Limited (the 'parent charitable company') for the year ended 31 March 2019 which comprise the Group and Parent statement of financial activities, the Group and Parent balance sheet, the Group 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 (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 2019 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 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 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.

LIVE ACTIVE LEISURE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIVE ACTIVE LEISURE LIMITED

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 independent 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.

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 our audit:

- the information given in the trustees' 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 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 or the trustees' 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) requires us to report to you if, in our opinion:

- the group has not kept adequate and proper 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 as 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 purpose 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 charitable company or to cease operations, or have no realistic alternative but to do so.

LIVE ACTIVE LEISURE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LIVE ACTIVE LEISURE LIMITED

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 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 independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Neil Morrison (Senior Statutory Auditor)

for and on behalf of Campbell Dallas Audit Services

Statutory Auditor

5 Whitefriars Crescent
Perth
PH2 0PA

LIVE ACTIVE LEISURE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:					
Donations and legacies	3	-	431,789	431,789	456,871
Charitable activities	4	9,952,431	35,091	9,987,522	10,057,070
Investment income	5	<u>51,523</u>	-	<u>51,523</u>	<u>42,855</u>
Total income		<u>10,003,954</u>	<u>466,880</u>	<u>10,470,834</u>	<u>10,556,796</u>
Expenditure on:					
Charitable activities		10,612,404	398,080	11,010,484	10,676,291
Grants for sporting & recreational purposes		-	40,712	40,712	56,402
Pension fund costs		<u>1,140,000</u>	-	<u>1,140,000</u>	<u>947,000</u>
Total charitable expenditure		<u>11,752,404</u>	<u>438,792</u>	<u>12,191,196</u>	<u>11,679,693</u>
Net losses on investments	10	<u>(116)</u>	-	<u>(116)</u>	<u>(45)</u>
Net (outgoing)/incoming resources before transfers		<u>(1,748,566)</u>	<u>28,088</u>	<u>(1,720,478)</u>	<u>(1,122,942)</u>
Gross transfers between funds		<u>32,245</u>	<u>(32,245)</u>	<u>-</u>	<u>-</u>
Net outgoing resources		<u>(1,716,321)</u>	<u>(4,157)</u>	<u>(1,720,478)</u>	<u>(1,122,942)</u>
Other recognised gains and losses					
Actuarial (loss)/gain on defined benefit pension schemes		<u>(221,000)</u>	-	<u>(221,000)</u>	<u>5,855,000</u>
Net movement in funds		<u>(1,937,321)</u>	<u>(4,157)</u>	<u>(1,941,478)</u>	<u>4,732,058</u>
Fund balances at 1 April 2018		<u>14,631,350</u>	<u>239,241</u>	<u>14,870,591</u>	<u>10,138,533</u>
Fund balances at 31 March 2019		<u>12,694,029</u>	<u>235,084</u>	<u>12,929,113</u>	<u>14,870,591</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The consolidated statement of financial activities also complies with the requirements for a consolidated income and expenditure account under the Companies Act 2006.

LIVE ACTIVE LEISURE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:					
Donations and legacies	3	10,000	431,789	441,789	466,871
Charitable activities	4	9,698,550	35,091	9,733,641	9,830,211
Investment income	5	<u>51,523</u>	<u>-</u>	<u>51,523</u>	<u>42,855</u>
Total income		<u>9,760,073</u>	<u>466,880</u>	<u>10,226,953</u>	<u>10,339,937</u>
Expenditure on:					
Charitable activities		10,368,523	398,080	10,766,603	10,459,432
Grants for sporting & recreational purposes		-	40,712	40,712	56,402
Pension fund costs		<u>1,140,000</u>	<u>-</u>	<u>1,140,000</u>	<u>947,000</u>
Total charitable expenditure		<u>11,508,523</u>	<u>438,792</u>	<u>11,947,315</u>	<u>11,462,834</u>
Net losses on investments	10	<u>(116)</u>	<u>-</u>	<u>(116)</u>	<u>(45)</u>
Net (outgoing)/incoming resources before transfers		<u>(1,748,566)</u>	<u>28,088</u>	<u>(1,720,478)</u>	<u>(1,122,942)</u>
Gross transfers between funds		<u>32,245</u>	<u>(32,245)</u>	<u>-</u>	<u>-</u>
Net outgoing resources		<u>(1,716,321)</u>	<u>(4,157)</u>	<u>(1,720,478)</u>	<u>(1,122,942)</u>
Other recognised gains and losses					
Actuarial (loss)/gain on defined benefit pension schemes		<u>(221,000)</u>	<u>-</u>	<u>(221,000)</u>	<u>5,855,000</u>
Net movement in funds		<u>(1,937,321)</u>	<u>(4,157)</u>	<u>(1,941,478)</u>	<u>4,732,058</u>
Fund balances at 1 April 2018		<u>14,631,351</u>	<u>239,241</u>	<u>14,870,592</u>	<u>10,138,534</u>
Fund balances at 31 March 2019		<u>12,694,030</u>	<u>235,084</u>	<u>12,929,114</u>	<u>14,870,592</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

LIVE ACTIVE LEISURE LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	11	11,005,974		10,888,383	
Investments	12		413		529
			<u>11,006,387</u>		<u>10,888,912</u>
Current assets					
Stocks	13	54,610		51,994	
Debtors	14	829,136		416,829	
Cash at bank and in hand		7,984,969		9,221,306	
			<u>8,868,715</u>		<u>9,690,129</u>
Creditors: amounts falling due within one year	15	<u>(1,299,989)</u>		<u>(1,423,450)</u>	
Net current assets			<u>7,568,726</u>		<u>8,266,679</u>
Total assets less current liabilities			18,575,113		19,155,591
Provisions for liabilities			<u>(5,646,000)</u>		<u>(4,285,000)</u>
Net assets			<u>12,929,113</u>		<u>14,870,591</u>
Income funds					
Restricted funds	18		235,084		239,241
<u>Unrestricted funds</u>					
Designated funds	19	17,213,817		17,701,383	
General unrestricted funds		<u>(4,519,788)</u>		<u>(3,070,033)</u>	
			<u>12,694,029</u>		<u>14,631,350</u>
			<u>12,929,113</u>		<u>14,870,591</u>

The financial statements were approved by the Trustees on 24 October 2019

Mr D A Longmuir
Trustee

Mr M T Robinson
Trustee

Company Registration No. SC042641 (Scotland)

LIVE ACTIVE LEISURE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	11	11,005,974		10,888,383	
Investments	12	414		530	
		<u>11,006,388</u>		<u>10,888,913</u>	
Current assets					
Stocks	13	45,605		43,187	
Debtors	14	870,160		426,250	
Cash at bank and in hand		7,921,598		9,186,407	
		<u>8,837,363</u>		<u>9,655,844</u>	
Creditors: amounts falling due within one year	15	<u>(1,268,637)</u>		<u>(1,389,165)</u>	
Net current assets		<u>7,568,726</u>		<u>8,266,679</u>	
Total assets less current liabilities		<u>18,575,114</u>		<u>19,155,592</u>	
Provisions for liabilities		<u>(5,646,000)</u>		<u>(4,285,000)</u>	
Net assets		<u>12,929,114</u>		<u>14,870,592</u>	
Income funds					
Restricted funds	18	235,084		239,241	
<u>Unrestricted funds</u>					
Designated funds	19	17,213,817		17,701,383	
General unrestricted funds		<u>(4,519,787)</u>		<u>(3,070,032)</u>	
		<u>12,694,030</u>		<u>14,631,351</u>	
		<u>12,929,114</u>		<u>14,870,592</u>	

The financial statements were approved by the Trustees on 24 October 2019

Mr D A Longmuir
Trustee

Mr M T Robinson
Trustee

Company Registration No. SC042641

LIVE ACTIVE LEISURE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(546,302)		805,275
Investing activities					
Purchase of tangible fixed assets		(741,558)		(575,670)	
Interest received		51,523		42,855	
Net cash used in investing activities			(690,035)		(532,815)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(1,236,337)		272,460
Cash and cash equivalents at beginning of year			9,221,306		8,948,846
Cash and cash equivalents at end of year			<u>7,984,969</u>		<u>9,221,306</u>

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Charity information

Live Active Leisure Limited is a private company limited by guarantee incorporated in Scotland. The registered office is Caledonia House, Hay Street, Perth, PH1 5HS.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company's governing document, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) 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)" (as amended for accounting periods commencing from 1 January 2016). The charitable company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 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 23, Live Active Leisure Limited is deemed to be a subsidiary undertaking of its ultimate parent, Perth & Kinross Council. Accordingly, the financial statements of Perth & Kinross Council will incorporate the results of Live Active Leisure Limited and its trading subsidiary.

1.3 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

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

1.5 Incoming resources

Income is recognised when the charitable company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. 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.

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (cont)

1.5 Incoming resources (cont)

Cash donations are recognised on receipt. Other donations are recognised once the charitable company has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation. 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.

Legacies are recognised on receipt or otherwise if the charitable company has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset. 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.

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.

1.6 Resources expended

Expenditure is recognised when the company has entered into a legal or constructive obligation and related where practicable to the operational 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.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% - 8% on cost
Plant and equipment	20% - 33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (cont)

1.8 Fixed asset investments

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

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises actual purchase prices of goods for resale, uniforms and consumables.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

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.

Basic financial liabilities

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.

1.11 Retirement benefits

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 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'.

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (cont)

1.11 Retirement benefits (cont)

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 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.

1.12 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.

2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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 2019

3 Donations and legacies

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Donations and gifts	-	-	10,000	10,000
Grant funding	431,789	456,871	431,789	456,871
	<u>431,789</u>	<u>456,871</u>	<u>441,789</u>	<u>466,871</u>

4 Charitable activities

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Sales within charitable activities	5,288,197	5,238,742	5,034,316	5,011,883
Services provided under contract	4,699,325	4,818,328	4,699,325	4,818,328
	<u>9,987,522</u>	<u>10,057,070</u>	<u>9,733,641</u>	<u>9,830,211</u>
Analysis by fund				
Unrestricted funds	9,952,431	10,021,979	9,706,590	9,803,160
Restricted funds	35,091	35,091	27,051	27,051
	<u>9,987,522</u>	<u>10,057,070</u>	<u>9,733,641</u>	<u>9,830,211</u>

5 Investment income

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Investment income	<u>51,523</u>	<u>42,855</u>	<u>51,523</u>	<u>42,855</u>

6 Grants payable

Grants amounting to £40,712 (2018 - £56,402) were made for sporting and recreational purposes.

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

7 Support costs

	Support costs	Governance costs	2019	2018
	£	£	£	£
Auditor's remuneration	12,679	-	12,679	11,008
	<u>12,679</u>	<u>-</u>	<u>12,679</u>	<u>11,008</u>
Analysed between Charitable activities	<u>12,679</u>	<u>-</u>	<u>12,679</u>	<u>11,008</u>

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charitable company during the year.

No charity trustees received payment for professional or other services (2018 - £nil).

The key management personnel of the parent charity comprise the trustees, the Chief Executive Officer, Director of Finance/Deputy Chief Executive Officer and Director of Operational Services. The total employee benefits of the key management personnel of the charitable company were £157,984 (2018 - £202,229). A relevant proportion of these benefits are recharged to the trading subsidiary within the management charge.

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Instruction	52	44
Leisure management	42	47
Operational	138	142
Support	10	22
Directors	11	10
	<u>253</u>	<u>265</u>

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9 Employees (cont)

Employment costs

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Wages and salaries	5,888,568	5,551,093	5,791,268	5,459,150
Social security costs	371,906	355,347	365,348	350,079
Other pension costs	856,027	779,070	845,482	768,565
	<u>7,116,501</u>	<u>6,685,510</u>	<u>7,002,098</u>	<u>6,577,794</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2019 Number	2018 Number
£70,001 - £80,000	<u>1</u>	<u>1</u>

10 Net losses on investments

	Total funds	Total funds
	2019 £	2018 £
Revaluation of investments	<u>(116)</u>	<u>(45)</u>

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11 Tangible fixed assets – charity (also comprising that of the group)

	Freehold land and buildings	Plant and equipment	Total
	£	£	£
Cost			
At 1 April 2018	18,727,580	1,138,971	19,866,551
Additions	743,732	(2,174)	741,558
Disposals	-	(45,620)	(45,620)
	<u>19,471,312</u>	<u>1,091,177</u>	<u>20,562,489</u>
At 31 March 2019	19,471,312	1,091,177	20,562,489
Depreciation and impairment			
At 1 April 2018	8,277,999	700,169	8,978,168
Depreciation charged in the year	478,405	145,562	623,967
Eliminated in respect of disposals	-	(45,620)	(45,620)
	<u>8,756,404</u>	<u>800,111</u>	<u>9,556,515</u>
At 31 March 2019	8,756,404	800,111	9,556,515
Carrying amount			
At 31 March 2019	<u>10,714,908</u>	<u>291,066</u>	<u>11,005,974</u>
At 31 March 2018	<u>10,449,581</u>	<u>438,802</u>	<u>10,888,383</u>

Assets under construction at a cost of £241,899 (2018 - £241,899) are included in Freehold land and buildings.

12 Fixed asset investments

	Listed investments	Shares in group	Total
	£	£	£
Cost or valuation			
At 1 April 2018 & 31 March 2019	574	1	575
	<u>574</u>	<u>1</u>	<u>575</u>
Impairment			
At 1 April 2018	45	-	45
Impairment losses	116	-	116
	<u>161</u>	<u>-</u>	<u>161</u>
At 31 March 2019	161	-	161
Carrying amount			
At 31 March 2019	<u>413</u>	<u>1</u>	<u>414</u>
At 31 March 2018	<u>529</u>	<u>1</u>	<u>530</u>

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Fixed asset investments (cont)

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 2019 totalled £1 which comprised current assets of £85,352 and liabilities of £85,351. Relevant financial information regarding Live Active Leisure Trading Limited for the year ended 31 March 2019 is as follows:

	2019 £	2018 £
Turnover	340,387	312,582
Cost of sales	(244,992)	(219,007)
Gross profit	95,395	93,575
Administrative expenses	(85,395)	(83,575)
Profit on ordinary activities before taxation	10,000	10,000
Tax on profit on ordinary activities	-	-
Profit for the financial period	10,000	10,000

The subsidiary has covenanted its taxable profits up to Live Active Leisure Limited under Gift Aid.

	2019 £	2018 £
Other investments comprise:		
Investments in subsidiaries	1	1

13 Stocks

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Finished goods and goods for resale	54,610	51,994	45,605	43,187

14 Debtors

	Group		Company	
Amounts falling due within	2019 £	2018 £	2019 £	2018 £
Trade debtors	709,762	311,591	696,787	282,588
Amounts owed by subsidiary undertakings	-	-	53,999	38,424
Prepayments and accrued income	119,374	105,238	119,374	105,238
	<u>829,136</u>	<u>416,829</u>	<u>870,160</u>	<u>426,250</u>

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

15 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
Amounts falling due within one year:	£	£	£	£
Other taxation and social security	383,316	365,466	366,901	351,579
Trade creditors	152,854	253,944	146,518	245,090
Accruals and deferred income	763,819	804,040	755,218	792,496
	<u>1,299,989</u>	<u>1,423,450</u>	<u>1,268,637</u>	<u>1,389,165</u>

16 Provisions for liabilities

	Notes	2019	2018
		£	£
Retirement benefit obligations	17	5,646,000	4,285,000
		<u>5,646,000</u>	<u>4,285,000</u>

17 Retirement benefit schemes

Defined contribution schemes

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 charge to profit or loss in respect of defined contribution schemes was £15k (2018 - £15k).

Defined benefit schemes

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 2019, the employer's contribution rate was 17% of earnings. The employer's contribution rate will be 17% for the next financial year.

Valuation

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 2019. The actuaries have used the following financial assumptions in their calculations:

Key assumptions

	2019	2018
	%	%
Discount rate	2.45	2.60
Expected rate of increase of pensions in payment	2.35	2.30
Expected rate of salary increases	<u>3.35</u>	<u>3.30</u>

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17 Retirement benefit schemes (cont)

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2019	2018
	Years	Years
Retiring today		
- Males	19.6	20.3
- Females	21.6	22.2
	<hr/>	<hr/>
Retiring in 20 years		
- Males	21.3	22.1
- Females	23.4	24.1
	<hr/>	<hr/>

These assumptions are set with reference to market conditions at 31 March 2019.

The estimate of the Employer's past service liability duration is 28 years.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). 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). This is consistent with the approach used at the previous accounting date.

Similar to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on Consumer Prices Index (CPI) rather than RPI, a further assumption has been made about CPI which is that it will be 1.0% p.a. below RPI i.e. 2.35% p.a. This is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts and is consistent with the approach used at the previous accounting date.

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

Amounts recognised in the profit and loss account:

	2019	2018
	£	£
Current service cost	1,616,000	1,459,000
Net interest on defined benefit liability/(asset)	102,000	247,000
Other costs and income	264,000	6,000
	<hr/>	<hr/>
Total costs	1,982,000	1,712,000
	<hr/>	<hr/>

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17 Retirement benefit schemes (cont)

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's	£000's	£000's
Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	28,062	28,847	29,654
Projected service cost	1,676	1,725	1,777
Adjustment to long term salary increase	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	28,941	28,847	28,754
Projected service cost	1,726	1,725	1,725
Adjustment to pension increases and deferred revaluation	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	29,560	28,847	28,154
Projected service cost	1,776	1,725	1,676
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	29,858	28,847	27,780
Projected service cost	1,785	1,725	1,668

Amounts taken to other comprehensive income:

	2019 £	2018 £
Actual return on scheme assets	(569,000)	(1,420,000)
Less: calculated interest element	569,000	540,000
Return on scheme assets excluding interest income	-	(880,000)
Actuarial changes related to obligations	678,000	(4,456,000)
Other gains and losses	(457,000)	(519,000)
Total costs/(income)	221,000	(5,855,000)

The amounts included in the balance sheet arising from the charitable company's obligations in respect of defined benefit plans are as follows:

	2019 £	2018 £
Present value of defined benefit obligations	28,847,000	25,905,000
Fair value of plan assets	(23,201,000)	(21,620,000)
Deficit in scheme	5,646,000	4,285,000

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17 Retirement benefit schemes (cont)

Movements in the present value of defined benefit obligations:

	2019	2018
	£	£
Defined benefit obligation at 1 April 2018	25,905,000	28,080,000
Current service cost	1,616,000	1,459,000
Past service cost	254,000	-
Benefits paid	(553,000)	(230,000)
Contributions from scheme members	276,000	265,000
Actuarial gains and losses	678,000	(4,456,000)
Interest cost	671,000	787,000
	<hr/>	<hr/>
At 31 March 2019	28,847,000	25,905,000
	<hr/>	<hr/>

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets:

	2019	2018
	£	£
Fair value of assets at 1 April 2018	21,620,000	18,887,000
Interest income	569,000	540,000
Benefits paid	(553,000)	(230,000)
Contributions by the employer	842,000	765,000
Contributions by scheme members	276,000	265,000
Other	447,000	1,393,000
	<hr/>	<hr/>
At 31 March 2019	23,201,000	21,620,000
	<hr/>	<hr/>

The fair value of plan assets at the reporting period end was as follows:

	2019	2018
	£	£
Equity instruments	16,027,000	14,942,000
Property	2,896,000	2,548,000
Gilts	332,000	1,146,000
Other bonds	3,481,000	2,503,000
Cash	410,000	478,000
Alternatives	55,000	3,000
	<hr/>	<hr/>
	23,201,000	21,620,000
	<hr/>	<hr/>

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17 Retirement benefit schemes (cont)

Projections for the year to 31 March 2020	£000's
Service cost	1,725
Net interest on the defined liability	128
Administration expenses	10
Total loss	1,863
Employer contributions	788

Note - these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2019. These projections are based on the assumptions as at 31 March 2019, as described in this note.

18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Balance at 31 March 2019 £
	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	
Financial Assistance Reserve	138,131	139,083	(132,773)	(38,245)	106,196
Health & Inclusion Reserve	98,145	296,168	(275,236)	6,000	125,077
Ballechin Fund	2,127	-	-	-	2,127
Other Reserve	838	31,629	(30,783)	-	1,684
	<u>239,241</u>	<u>466,880</u>	<u>(438,792)</u>	<u>(32,245)</u>	<u>235,084</u>

Purposes of Restricted Funds

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.

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.

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 Reserve

A grant was received for support of Community Sports Hubs.

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

19 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				Balance at 31 March 2019 £
	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	
Lifecycle Maintenance Reserve	1,063,000	-	(94,161)	220,556	1,189,395
PH20 Reserve	5,000,000	-	-	-	5,000,000
Specific Project Reserve	750,000	-	(612,786)	(118,766)	18,448
Depreciation Reserve	10,888,383	741,558	(623,967)	-	11,005,974
	<u>17,701,383</u>	<u>741,558</u>	<u>(1,330,914)</u>	<u>101,790</u>	<u>17,213,817</u>

Purposes of designated funds

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.

PH20 Reserve

The PH20 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.

Specific Projects Reserve

The Specific Projects Reserve comprises funds set aside for one-off major repairs.

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.

20 Analysis of net assets between funds

	Unrestricted 2019 £	Designated 2019 £	Restricted 2019 £	Total 2019 £	Total 2018 £
Group					
Fund balances at 31 March 2019 are represented by:					
Tangible assets	-	11,005,974	-	11,005,974	10,888,383
Investments	413	-	-	413	529
Current assets	1,125,799	6,207,843	235,084	7,568,726	8,266,679
Provisions and pensions	(5,646,000)	-	-	(5,646,000)	(4,285,000)
	<u>(4,519,788)</u>	<u>17,213,817</u>	<u>235,084</u>	<u>12,929,113</u>	<u>14,870,591</u>

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20 Analysis of net assets between funds (cont)

	Unrestricted	Designated	Restricted	Total	Total
	2019	2019	2019	2019	2018
Company	£	£	£	£	£
Fund balances at 31 March 2019 are represented by:					
Tangible assets	-	11,005,974	-	11,005,974	10,888,383
Investments	414	-	-	414	530
Current assets	1,125,799	6,207,843	235,084	7,568,726	8,266,679
Provisions and pensions	(5,646,000)	-	-	(5,646,000)	(4,285,000)
	<u>(4,519,787)</u>	<u>17,213,817</u>	<u>235,084</u>	<u>12,919,114</u>	<u>14,870,592</u>

21 Operating lease commitments

At 31 March 2019 the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	5,085	5,085
Between two and five years	2,780	7,865
	<u>7,865</u>	<u>12,950</u>

22 Capital commitments

At 31 March 2019 the charitable company had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of property, plant and equipment	-	750,000
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23 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.

LIVE ACTIVE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

23 Related party transactions (cont)

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 the group accounts and are exempted from disclosure in accordance with paragraph 1.12(e) of FRS 102.

24 Cash (absorbed by)/generated from operations	2019 £	2018 £
Deficit for the year	(1,720,478)	(1,122,942)
Adjustments for:		
Investment income recognised in statement of financial activities	(51,524)	(42,855)
Fair value gains and losses on investments	116	45
Depreciation and impairment of tangible fixed assets	623,967	626,926
Difference between pension charge and cash contributions	1,140,000	947,000
Movements in working capital:		
(Increase) in stocks	(2,616)	(1,600)
(Increase)/decrease in debtors	(412,307)	419,768
(Decrease) in creditors	(123,460)	(21,067)
Cash (absorbed by)/generated from operations	(546,302)	805,275

25 Contingent liability

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMP's between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury has confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

On 22 January 2018, the Government published the outcome of its Indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State pension Age (SPA) before 6 April 2021. HM Treasury published a Ministerial Decision on 4 December 2018 to implement this outcome, with effect from 6 April 2016.

Our pension scheme actuaries valuation assumption for GMP is that the fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the actuaries have assumed that the fund will be required to pay the entire inflationary increase. Therefore, we do not believe we need to make any adjustments to the value placed on the liabilities as a result of the above.