

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

Report and Financial Statements for the
Year ended 31 March 2021

Registered number SC336004

Charity number SC039464

Fife Sports & Leisure Trust Limited

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Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
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Foreword

I am pleased to present the Annual Report and Financial Statements of Fife Sports and Leisure Trust for the year 2020/2021. This review reflects that, despite the significant disruption to trust service delivery due to the Coronavirus pandemic, there is much from which we can derive encouragement. I have been particularly impressed with the way in which the trust has responded to the challenges of lockdowns and associated COVID protocols, which, for an organisation such as the trust with its diverse range of facilities and programmes, is a fantastic achievement.

The pandemic has sharply brought into focus the need to support the health and wellbeing of local communities, both mentally and physically. I am confident that the trust is well placed to meet this challenge thanks to its experienced staff and quality of facilities. The valuable work delivered by our health and wellbeing team with its wealth of experience of supporting those living with long-term conditions is a great example of how the trust can support local people at this time. I am also equally pleased with the work which has been carried out in support of our staff and colleagues through Mental Wellbeing initiatives and the introduction of a Mental Wellbeing Policy and supporting guidelines.

The strengthened partnership and collaboration with Fife Council is also a positive development which will help the trust emerge from recent challenges even stronger. Ongoing development work with the council examining how best to deliver physical activity opportunities across Fife will be key to the trust's recovery plans and will help cement a long-term sustainable future for the organisation. I would also like to thank Fife Council for their ongoing support and also to acknowledge the support received from the UK Government's furlough scheme.

Thanks are also due to Emma Walker, the executive management team and all of our staff for their resilience over the past year together, with their hard work and determination to meet the challenges of the pandemic so that we can continue to provide sports and leisure services to the communities of Fife.

Lastly my thanks go to my fellow directors for all their support during what can only be described as yet again a very difficult and challenging year.

Ritchie Campbell.
Chair

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It is fair to say that this performance review covers a period like no other in the trust's history, and although challenging, the year demonstrated the commitment and innovation of staff as well as support and loyalty of local communities.

During the reporting period, the doors on trust sites remained closed for 270 of days. This meant that we were unable to serve local communities and deliver on our charitable commitments, and, the majority of our staff could not fulfil their usual roles, doing what they do best.

However, I have been immensely proud of the efforts of teams who maintained communications and engaged with customers, providing updates, useful resources and online fitness sessions while our doors remained shut. This activity undoubtedly helped encourage customers back to our centres when permitted, and, the consistently high level of customer satisfaction with our COVID health and safety measures is a fantastic reflection of the hard work of staff preparing buildings and implementing COVID guidance professionally and consistently.

As we move on from the lockdowns, and the associated impacts they have had on the business, I particularly welcome the support of our partner Fife Council in recognising the challenge the trust now faces. The support recognises the value of community leisure opportunities for the communities of Fife and the role the trust plays in delivering quality programmes and facilities by highly qualified, experienced staff. By working more closely together to better deliver sports and leisure across Fife, we can ensure more people access physical activity and enjoy the associated health and wellbeing benefits associated with being active.

Emma Walker, Chief Executive.

The COVID 19 pandemic has brought into sharp focus how important participation in physical activity, sport and leisure is to the people of Fife, both physically and mentally.

It's unlikely we'll really know and understand just how the impact of that provision being taken away has had on many people as facilities had to close.

However, from adversity has come opportunity, and a chance to reflect, rebuild and restart. One of the really pleasing things over the last 12 - 18 months has been the great joint working and collaboration between the council and the trust. We have implemented a new Sport and Leisure Leadership Team, jointly chaired by Fife Council and Fife Sports and Leisure Trust and are starting to drive and lead improvements; we will see more joined-up programming at local level, sharing our assets and resources.

I'd also like to pay tribute to all the work and effort put into making sure our leisure centres were compliant, adhering to the new physical distancing and enhanced hygiene measures, to ensure our customers could return safely.

I'm delighted that going forward we will have more opportunities to work together. We look forward to continuing to work together to deliver the best public sport and leisure services to the people and visitors of Fife.

Judy Hamilton, Convener of Community & Housing Services Sub-Committee, Fife Council.

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The Directors are pleased to present their Report and Financial Statements for the year ending 31st March 2021. These are also prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

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

Charitable Objects

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

- To advance public participation in sport, primarily within the local authority area of Fife Council ("the Operating Area");
- To provide recreational facilities, and organise recreational activities, primarily within the Operating Area, with such facilities/activities being made available to members of the public at large with the object of improving their conditions of life;
- To advance education, primarily within the Operating Area, in particular in relation to sports, active recreation and physical activity;
- To advance health, primarily within the Operating Area, and in particular through sports, active recreation and physical activity;
- To advance citizenship and or/community development, in particular, within the Operating Area;
- To relieve those in need by reason of age, ill health, disability, financial hardship or other disadvantages; and
- To promote, establish, operate and/or support other similar schemes and projects which further charitable purposes.

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Services Specification

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

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

- **Widening Opportunities**

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

- **Developing Potential**

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

- **Resources for Sport**

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

FSLT's Vision and Mission

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

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

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

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

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Review of the Year

All FSLT venues were closed on March 18th to all customers due to Covid-19.

- Following the announcement from the Scottish Government in August that gyms and leisure facilities could reopen from August 31st. We re-opened our doors with a phased approach starting on September 14th – the date previously indicated by the Scottish Government's Covid-19 Route Map.
- Michael Woods Sports and Leisure Centre, Carnegie Leisure Centre, Pitreavie Athletics Centre, Lumphinnans Sports Hub and Kirkcaldy Leisure Centre opened their doors on September 14th, followed by East Sands Leisure Centre, Levenmouth Swimming Pool and Sports Centre, Cowdenbeath Leisure Centre and Dalgety Bay Leisure Centre on September 28th.
- On October 12th, Duloch Leisure Centre, Cupar Leisure Centre, Bowhill Swimming Pool and Waterstone Crook Leisure Centre welcomed customers back.
- The Beacon Leisure Centre was unavoidably delayed in the re-opening programme. The facility's layout presents significant challenges making delivering social distancing requirements difficult. The delay did not affect the facility's synthetic turf pitches which were made available to customers as scheduled on October 26th.
- Following the announcement from the Scottish Government that we were entering Level 4 local protection measures, we closed all facilities from December 26th, 2020 and did not reopen in the financial year 2020-2021.

General Attendance Information

- Before Covid, FSLT facilities would normally have on average over 49,000 attendances during the course of a week. With Covid restrictions, reduced opening hours and closure of facilities there were a number of challenges to overcome in order to achieve the benchmark of last year's weekly attendances.
- In week one and two, we had five venues open to the public with a limited range of services available, public swimming, gym use, fitness classes, outdoor activities, racket sports and club swimming. Through week one and two we achieved 16% (7,721) of normal through put and 17% (8,299) in week two in comparison to the normal weekly attendances.
- In week three and four, we had nine venues open to the public offering the same services we offered in week one and two, however, it now included the additional venues. Through week three we achieved 27% (13,479) of normal through put in and 34% (16,679) in week four in comparison to the normal weekly attendances.

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- In week five and six, we had 13 venues open to the public and we were able to build on the services we had provided through weeks one to four by starting children's swimming lessons, activity camps and extending the programme for fitness classes. Through week five we achieved 47% (23,264) of normal through put and 49% (24,439) in week 6 in comparison to the normal weekly attendances.
- In week seven and eight, we continued the progress from week five and six of the service offering. Through week seven we achieved 50% (24,605) of normal through put and 53% (26,550) in week eight in comparison to the normal weekly attendances.
- In week nine the continued improvement was affected by Fife entering Level 3 restrictions from November 13th, this impacted on indoor fitness classes, health programmes, adult swimming lessons, outdoor sports for adults and indoor sports. In week nine we achieved 50% (24,874) of normal through put, that was a decrease of 3% from week eight. In week 10, we achieved 47% (23,594) of normal through put, that was a decrease of 2.5% from week nine.
- In week 11 and 12, we started to see a flattening out of figures. Through week 11 we achieved 49% (24,156) of normal through put and 53% (23,404) in week 12 in comparison to the normal weekly attendances.
- In week 13 and 14, we re-introduced our private swimming lesson partner into the programme. This led to an increase in week 13 of 3% in comparison of week 12 and we achieved 50% (25,083) of normal through put. In week 14 we achieved 47% (23,346) of normal through put.
- Week 15 was our final week before entering Level 4 local protection measures, during this week we were only open for three days and we achieved 11% (5,427) of normal through put
- Through the 15 weeks of being open we had 294,894 visits to the 14 venues we had open, with 134,216 visits to wetside services and facilities, 96,038 visits to indoor services and facilities and 64,640 visits to outdoor services and facilities.

Main Activities Attendance Information

- The main activities established for customers when reopening the facilities included public swimming, gym use and fitness classes. This was to ensure that we supported customers who used the Leisure Active Membership product.
- There were 8 swimming pools open to the public for swimming throughout Fife. Through the first 15 weeks there had been a steady rise in the occupancy rates per hour for public swimming from in week one - 31% to week 15 – 57%.

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- There were 11 gym facilities open to the public, with social distancing measures in place in all gyms. The occupancy rate for the gym remained consistent over the first 15 weeks. We had an hourly average of 32% occupancy, with Monday to Friday 5pm to close being the most popular time for customers to use the gym.
- The fitness programme in week nine was providing over 100 classes per week with occupancy rate of almost 52%. However, due to Fife entering Level 3 restrictions from November 13th, the programme in centres was placed on hold and on-line offering was re-instated. The on-line offering came into place on Monday, November 16th, 2020, delivering around 10 live classes per week.

Leisure Active

- Leisure Active was directly impacted by the Coronavirus pandemic. In March 2020 there were 14,075 Leisure Active members, as of January 4th, 2021 this figure reduced to 7,613 – a 46% loss.
- Broken down by category, there was a loss of 50% annual members, 52% direct debit members and 89% monthly pass members. The membership base was made up of 89% direct debit members, 10% annual members and 1% monthly passes – the monthly pass figure is roughly 3% lower than normal rates due to the current closure.
- The average monthly income of Leisure Active went from approximately £366,000 to £198,000 due to Coronavirus restrictions. This has been calculated using an average £26 per member, per month income. All membership payments were frozen and Leisure Active had no monthly income.
- Since March 2020 the Leisure Active attrition rate has risen to 5.1%, well above the trigger level of <2.4%, the retention rate fell due to the high cancellation levels over the period.
- Communication strategies were put in place for members to ensure they were kept up to date and aware of the status of their membership.
- New member and monthly pass campaigns were launched. Monthly pass sales were encouraged due to public confidence being at a low and the four-month contract period of a membership potentially off-putting.

Learn to Swim

- Our programme returned on October 12th with eight venues delivering the Learn to Swim programme. Due to the on-going closure of the Beacon Leisure Centre, we relocated its programme to Kirkcaldy Leisure Centre on November 16th, 2020.
- Over 300 families chose to relocate to either Kirkcaldy Leisure Centre or surrounding venues. The customers who did not relocate retained their space at the Beacon at no cost.
- Due to the restrictions placed upon us we are unable to deliver adult swimming lessons and rookie lifeguard classes.
- Building confidence in our programme and maintaining attendances has been key to our recovery and when we broke off for the festive period (20th December) we had 6024 customers enrolled in our programme. These attendance figures are -7.59% from our position in March 2020.
- We carried out a campaign during our closure period to build upon our waiting lists, continued with our customer confidence building and aimed for full classes on return.

Health Programmes

- All participants who returned under Level 2 and the majority of those who were planned to start once Level 3 restrictions were imposed, were contacted by their instructor and offered options as to how they could be supported by their instructor to remain active.
- The Zoom and Facebook class are live interactive classes where all participants can see each other and the instructor. The Facebook and WhatsApp videos are pre-recorded; the instructor sends these to each participant. The telephone calls were made to keep connected with people who were not able/did not want to use technology but wanted to keep in touch. Written exercises were emailed to those who requested these and who had an email address.

Customer Feedback

- To engage with customers and seek their views there was a weekly customer survey. Within the survey there were 6 key gauges we reviewed.
 - (i) Customer Satisfaction Score (CSAT) measures on average how satisfied or unsatisfied FSLT customers are with our products or services. CSAT is a metric used to immediately evaluate a customer's specific experience on a visit to the venue. On average over the first 15 weeks the score was 87%, which highlights that customer satisfaction was excellent.

- (ii) Customer Effort Score (CES) is very similar to CSAT, but instead of asking how satisfied the customer was, we ask them to gauge the ease of their experience of doing business with FSLT. Through the period of the first 15 weeks customers found it easy to do business with FSLT.
- (iii) Net Promoter Score (NPS) asks the question, "How likely is it that you would recommend FSLT to a friend or colleague?" FSLT's average was 75%, this highlights that we achieved a very high NPS.
- (iv) We also asked customers if they were satisfied on arrival at the centre that there were adequate social distancing and health and safety measures in place. On average, there was 99% approval from customers.
- (v) We asked customers if they felt there was adequate social distancing and health and safety measures in place while taking part in their chosen activity. On average, we achieved 98% approval from customers.
- (vi) Finally, we asked customers if they found staff helpful and well informed about how the social distancing and health and safety measures should be implemented. On average we achieved 98% approval from customers.

Mental Health – Wellbeing Strategy

The trust has a long track record in delivering programmes which are designed to support people living with mental health issues and we want to encourage more people to think about physical activity as a positive contributor to good mental health. Within our Strategic Pillars a key priority for Fife Sports and Leisure Trust is to continue to be Great at What we do.

The COVID-19 pandemic represents an immense challenge to UK society. There will be no vaccine to protect us from the mental health effects of the pandemic, HR have led on the promotion of wellbeing initiatives for employees by raising awareness through the launch of the Wellbeing Strategy which signifies the Trust's commitment to continue to develop a healthy workplace which supports employees. The strategy will enable FSLT to work towards minimising the anticipated increase in stress, anxiety and depression and to support our employees by the nomination of 14 of Mental Health First aiders who are available Trust wide to listen, which is a key part of the process and to direct individuals to a range of supports if needed.

We have brought Mental Health Awareness to our employees and customers by supporting the national Mental Health Awareness Week campaign with a widespread communication strategy over the seven days to banish stigma and to continue the conversation around mental health and the positive impact of physical activity.

Plans for the Future

The Covid-19 pandemic will result in FSLT having to review its business model in order to continue to deliver public services on behalf of Fife Council. This will be a very challenging time for the organisation and will require a substantial amount of forward planning to counter the loss of public confidence and an initial reduction in opening hours of facilities. FSLT will require to focus on a recovery plan that will outline how the organisation will gradually generate the levels of income achieved pre Covid-19. There remains a commitment to focus on efficiency, business improvement, value for money and performance management, including rationalising and eliminating under-utilisation, wherever possible, and by taking a more commercial approach to achieving sources of new income.

A recovery plan has been developed with the following themes:

1. Governance and Leadership
2. Aligning Financial and Operational Performance
3. Service Delivery and Reviews
4. Workforce Management and Deployment
5. Facility Investment
6. Plan for Fife and our Role in Supporting Council Ambitions

The challenge for a business like FSLT will always be achieving and maintaining a balance between providing services that are commercially viable with those that are socially worthwhile or need to be delivered. FSLT has a strong foundation to build on and, as the leading provider of sport, leisure and physical activity services in Fife, a key priority will be to ensure that activities and programmes are made accessible, affordable and customer-focused, and, delivered through the effective use of investment and resources whilst maximising the benefit of not-for-profit distributing status.

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

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

FSLT is working closely with Fife Council to establish a sustainable model for the trust going forward and a soft opening programme has been agreed for implementation during 2021/22. A review covering the reform of Sport and Leisure in Fife will be undertaken during 2021/22 and will result in closer partnership working, provide a more sustainable financial model and utilise the funding resources more effectively for the people of Fife.

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Financial Review

FSLT's financial results are shown on pages 24-26. The results for the year to 31st March 2021 show an overall loss of £813,307 however after removal of the actuarial adjustment for pensions the results show a deficit of £869,000 for the year. Excluding the full impact of accounting for retirement benefits there was no surplus or deficit within the accounts, due to the commitment by Fife Council to underwrite the deficit for the year as a result of the significant impact of the pandemic on the Trust's financial position. As there was no management surplus or deficit, the general reserves position remained the same as the start of the year, at £330,000, below the policy level of £750,000, However, this is a reasonable position given the impact of Covid-19 and the further underwriting of the financial position by Fife Council for the 12 month period beyond the date of signing of these accounts.

In the course of a normal year, almost 80% of the Trust's funding would come from paying customers and an element of grant funding, with the remainder coming from Fife Council in the form of a fee to operate the leisure centres on the Council's behalf, fund specific Council priorities and ensure that the Trust can promote its charitable objects, in particular enabling the Trust to provide affordable access for all.

This year, however, due to the closures as a result of the pandemic the Trust has lost significant levels of customer income. This shortfall in funding was mitigated by maximising funding from the Government's Coronavirus Job Retention Scheme, approximately £3.1m for the year, with the remaining shortfall being provided by Fife Council to allow the Trust to continue to operate and be in the best position possible to recover lost income and provide key services for the health and wellbeing of the people of Fife as restrictions released, and also meet its obligations to its employees during the pandemic period. Additional top-up funding of £2.6m was provided by Fife Council to support the Trust during the year. Overall Fife Council contributed 55% of the funding received by the Trust in this unprecedented year.

Financial Future

In the 2021/22 Budget Report to Directors in March 2021 the recovery scenario thought to be most likely identified a requirement of additional support of £3.7m from Fife Council to enable all services to continue to be delivered, albeit at a reduced level and subject to appropriate guidelines, when it is possible to reopen and allow the best possible recovery. Another more optimistic scenario contained within the report identified a reduction in the additional funding required to £3.1m and this scenario more closely reflected the pattern of the restrictions encountered to date and will be a better estimate of the top-up required by the end of the year. As part of the agreement for Fife Council to fund the shortfall the Trust has committed to maximising all income and containing costs as much as possible to limit the additional funding required as a top-up to the core management fee.

Budgets are regularly being realigned to react to changes as the country exits the pandemic period and seeks to recover to a new normal, however, it is difficult to accurately predict the rate of recovery. The first half of the year has seen the move from total closure at the start of the year to relaxation of physical distancing in most settings towards the end of the period.

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Due to the length of time the pandemic has been with us we also have to contend with recovery of customer attendances aligned not just to public confidence in the Trust's services but also to persuade customers to return who had resorted to other methods of exercise during lock down. These challenges make the funding from Fife Council critical during the recovery period to ensure the long-term sustainability of the Trust.

The Trust is working closely with its sole member, Fife Council, to agree a sustainable funding model for the Trust going forward and to explore how best the Trust and Fife Council can work together to jointly provide sports and leisure facilities and activities which are fit for purposes and the most efficient and effective use of local authority funding available for the provision of sports and physical activity.

Financial Monitoring

Both the Governance and Compliance Committee and the Board scrutinise and monitor the financial performance of FSLT through regular monitoring reports. The reports review FSLT's cash flow position and compare actual income and expenditure against agreed budget figures and previous year actuals. Forecasts are being revised regularly and information provided at the Board meetings to continue to monitor the finances more closely during the pandemic and the subsequent recovery period.

Reserves Policy

FSLT's Reserves Policy allows for some protection against unexpected fluctuations in both income and expenditure and for temporary disruption and/or cessation of service delivery. The approved minimum reserves level for general funds has been set at a target of £750k prior to the pension deficit, however it is recognised that the closure of facilities due to a pandemic is the type of event covered by the policy requirements and due to the continuance of the pandemic during the year there was no ability to rectify this. This is acknowledged by the sole member, Fife Council in agreeing to underwrite any deficit over the short-term recovery period and the any sustainable management fee provided by Fife Council going forward will seek to restore the reserves to agreed policy level over the short to medium term.

Company Risk

There is a Business Risk Register which identifies the major risks to which FSLT is exposed. This strategic document is reviewed regularly by the Executive Management Team and reported to the Board to assist in managing the risks to FSLT. One of the biggest risks facing FSLT will be maintaining financial stability and service delivery and the impact on income generation and reduced levels of government support, particularly during the recovery period post-pandemic.

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

During 2019-20 significant work was undertaken to revise the risk register and ensure it was fit for purpose, to reflect emerging risks, in particular as a result of the risks

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associated with the COVID-19 pandemic. This continued to be the main focus for the Trust, as it emerges from the pandemic and tries to recover to a new normal for the services it provides. Directors will continue to be updated on any further emerging risks as a result.

Structure, Governance and Management

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

Directors

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

- A maximum of 6 Directors shall be Partner Directors – Partner Directors can be drawn from elected members, officers or employees of Fife Council;
- A maximum of 7 Directors shall be Independent Directors – Independent Directors are typically drawn from representatives of local business, communities, the sporting sector and centre users. They must not be elected representatives, officers or employees of Fife Council or employees of Fife Sports and Leisure Trust;
- The list of current Directors is noted on page 16.

Policies and Procedures for Induction and Training of Directors

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

Board Structure

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

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

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Board Committees are in place to support the work of the Board:

- Strategy Committee – to consider all strategic matters pertaining to the Trust and setting its strategic direction and future scenario planning.
- Governance and Compliance Committee – to consider all financial and governance matters with a particular focus on ensuring all legal and charity obligations are met.
- Service and Operations Committee- to focus on all operational matters for the delivery of services. During the year the committee remit was strengthened input a greater focus on the future of the Trust and renamed as the Service improvement Committee.

In addition, there are two further Committees which meet on an as required basis. They are an Appointments and Remunerations Committee, responsible for the appointment process for the Chief Executive's position and to assist in the recruitment of Directors, and a Nominations Committee responsible for the selection of the Chair and Vice Chair of the Board.

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

Executive Management Team

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

Wendy Watson	Chief Operating Officer
Lana Turnbull	Human Resources Manager
Vicki Wyse	Head of Finance and Business Development
Scott Urquhart	Sports and Physical Activity Team Manager

The arrangements for the setting of pay and remuneration for key management personnel are aligned to those of Fife Council, the sole member of FSLT. These positions were established using the Fife Council Job Evaluation Scheme adopting the principles of the National Single Status and Chief Officers Agreements.

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Sport and Leisure Facilities

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

Beacon Leisure Centre
Lammerlaws Road
Burntisland, KY3 9BS

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

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

Michael Woods Sports and Leisure Centre
to include the Indoor Football Arena
Viewfield Road
Glenrothes KY6 2RB

Carnegie Leisure Centre
Pilmuir Street
Dunfermline KY12 0QE

Kirkcaldy Leisure Centre
Esplanade
Kirkcaldy KY1 1HR

Cowdenbeath Leisure Centre
7 Pit Road
Cowdenbeath KY4 9NN

Levenmouth Swimming Pool and Sports
Centre
Promenade
Leven KY8 4PA

Cupar Sports Centre
Carslogie Road
Cupar KY15 4HY

Pitreavie Athletics Centre
Queensferry Road
Dunfermline KY11 8PP

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

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

Dulloch Leisure Centre
Nightingale Place
Dunfermline KY11 8LW

Lumphinnans Sports Hub
31 Gagarin Way
Lumphinnans, KY4 9HW

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2021

Reference and administrative details

Trustees

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

Partner Directors

D Watt
D Lothian
L Erskine
A Suttie
K Caldwell
B R Thomson (appointed 1/6/20)

Independent Directors

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

Secretary

V G C Wyse

Registered Office

Music Institute
East Port
Dunfermline
KY12 7JA

Bankers

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

Auditor

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

Solicitors

Burness Paull
50 Lothian Road
Edinburgh
EH3 9WJ

Charity registration number

SC039464

Company registration number

SC336004

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2021

Statement of Directors' Responsibilities

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

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

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

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

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

Disclosure of information to the Auditor

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

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

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Fife Sports & Leisure Trust Limited
Directors' Report (incorporating the Strategic Report)
For the year ending 31st March 2021

In approving the Directors' Report, the Directors are also approving the Strategic Report in their capacity as company Directors.

Approved by the Board on 14 October 2021 and signed on its behalf by:

T R Campbell
Chairperson

Fife Sports & Leisure Trust Limited
Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited
For the year ending 31st March 2021

Opinion

We have audited the financial statements of Fife Sports & Leisure Trust Limited (the charitable company) for the year ended 31 March 2021 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for Opinion

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

Conclusions Relating to Going Concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Fife Sports & Leisure Trust Limited
Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited
For the year ending 31st March 2021

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are Required to Report by Exception

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

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

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

Fife Sports & Leisure Trust Limited
Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited
For the year ending 31st March 2021

Responsibilities of the directors

As explained more fully in the trustees' responsibilities statement set out on page 17, the directors (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, employment and health and safety legislation;

Fife Sports & Leisure Trust Limited
Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited
For the year ending 31st March 2021

The extent to which the audit was considered capable of detecting irregularities including fraud (continued)

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1A were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the board and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Fife Sports & Leisure Trust Limited
Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited
For the year ending 31st March 2021

Use of Our Report

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

Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's trustees, as a body, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members, as a body, and the charitable company's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

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

Chartered Accountants

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

Exchange Place

Semple Street

Edinburgh

EH3 8BL

15 December 2021

Fife Sports & Leisure Trust Limited
Statement of financial activities (incorporating the income and expenditure
account)
For the year ending 31st March 2021

	Note	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Income from:					
Donations	2	1,791,841	-	1,791,841	2,335,832
Charitable activities	2	6,552,098	67,381	6,619,479	11,062,747
Investments	3	551	-	551	4,284
Other trading activities		-	-	-	79,490
CJRS furlough income		3,103,578	-	3,103,578	96,000
Other income		-	-	-	42,765
Total income		11,448,068	67,381	11,515,449	13,621,118
Expenditure on:					
Charitable activities	4	(12,317,068)	(11,688)	(12,328,756)	(15,440,684)
Raising Funds		-	-	-	(12,040)
Total expenditure		(12,317,068)	(11,688)	(12,328,756)	(15,452,724)
Net (expenditure)/income		(869,000)	55,693	(813,307)	(1,831,606)
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	8	(3,677,000)	-	(3,677,000)	4,485,000
Net movement in funds		(4,546,000)	55,693	(4,490,307)	2,653,394
Reconciliation of funds:	16				
Total funds brought forward		(3,768,740)	14,758	(3,753,982)	(6,407,375)
Total funds carried forward		(8,314,740)	70,451	(8,244,289)	(3,753,981)

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

The notes on pages 27 to 45 form part of these financial statements

Fife Sports & Leisure Trust Limited
Balance Sheet
As at 31st March 2021

	Note	2021 £	2020 £
Fixed assets:			
Tangible Assets	9	803,784	1,052,752
Current Assets:			
Stocks	10	7,215	5,347
Debtors	11	718,708	327,758
Cash at bank and in hand		723,145	999,994
Total Current Assets		1,449,068	1,333,099
Liabilities:			
Creditors: amounts falling due within one year	12	(1,852,141)	(2,040,832)
Net current liabilities		(403,073)	(707,733)
Total assets less current liabilities		400,711	345,019
Defined benefit pension scheme liability	8	(8,645,000)	(4,099,000)
Total net liabilities	15	(8,244,289)	(3,753,981)
The funds of the charity:			
Unrestricted funds	16	330,260	330,261
Restricted income funds	16	70,451	14,758
Pension reserve	16	(8,645,000)	(4,099,000)
Total funds		(8,244,289)	(3,753,981)

The financial statements were approved and authorised for issue by the Board on 14th October 2021 and signed on its behalf by :

T R Campbell
Chairperson

Registered number SC336004

The notes on pages 27 to 45 form part of these financial statements

Fife Sports & Leisure Trust Limited
Statement of cash flows
For the year ending 31st March 2021

	Note	2021 £	2020 £
Cash Flows from Operating Activities			
Net cash used in operating activities	17	(269,260)	(499,939)
Cash Flow from Investing Activities:			
Purchase of property, plant and equipment		(8,140)	(342,936)
Proceeds from sale of property, plant and equipment		-	42,765
Interest received		551	4,284
Net cash used in investing activities		(7,589)	(295,887)
Change in cash and cash equivalents in the reporting period		(276,849)	(795,826)
Cash and cash equivalents at the beginning of the reporting period		999,994	1,795,820
Cash and cash equivalent at the end of the reporting period	18	723,145	999,994

(i) Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash	999,994	(276,849)	723,145
	<u>999,994</u>	<u>(276,849)</u>	<u>723,145</u>

The charitable company has no debt financing.

The notes on pages 27 to 45 form part of these financial statements

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

1. Accounting Policies

General information

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

Basis of accounting

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

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

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgements in the process of applying accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1A.

Income and expenditure statement

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

Going Concern

Having received Fife Council's letter of support dated 9th June 2021 the Directors are of the opinion that the Trust can continue to meet its obligations as they fall due for the next 12 months. As part of the assurance to Directors, Fife Council has provided a commitment to underwrite the Trust's cash flow position for the 2021-22 period and beyond, at least until October 2022, subject to efforts to be made to minimise costs, where possible, and until such time as a sustainable funding package for the services provided can be agreed for the post-pandemic recovery period.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

COVID-19 has impacted significantly on Trust finances from March 2020 onwards however accessing the Government Coronavirus Job Retention Scheme has helped to minimise the impact. The financial impact has been further reduced significantly by working closely with Fife Council, our sole member, to agree additional funding support.

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

As a consequence the Directors have prepared the financial statements on a going concern basis.

Income

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

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

Donations in kind are recognised for the value of support services as costed by Fife Council.

Investment income is accounted for on an accruals basis.

Expenditure

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

Funds

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

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

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

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

Tangible Fixed Assets and Depreciation

FSLT capitalises tangible assets costing £1,000 or more and any Irrecoverable VAT incurred is included as part of the capitalised cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

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

The national lockdown closures resulted in a reduced level of usage of certain equipment and their estimated useful lives were extended accordingly.

Stock

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

Debtors

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

Creditors

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

Cash and cash equivalents

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

Financial assets and financial liabilities

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

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

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

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

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or when the charitable company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Pensions

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

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

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

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

Leases

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

Taxation

FSLT is exempt from tax on income and gains falling within section 505 (1) of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Taxation will be paid, if applicable, on trading income and gains which are not directly attributable to those objects. Input VAT on exempt activities which is not recoverable is normally recognised as an expense in the Statement of Financial Activities, unless it relates to a fixed asset purchase when it is included as part of the capitalised cost.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

Government Grants

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

1A. Critical judgements and estimates

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

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

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

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

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

2. Income

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

Provision of sport and leisure facilities	2021	2020
	£	£
Management service fee from Fife Council	5,353,288	2,478,288
Admissions etc.	473,867	4,264,223
Membership	523,512	3,506,399
Resaleable goods	6,819	144,544
Outdoor facilities	157,217	442,303
Gym income	12,352	170,583
Other income	92,424	56,407
	<u>6,619,479</u>	<u>11,062,747</u>

Income on charitable activities includes £67,381 (2020: £27,957) of restricted income. All other income was unrestricted.

Income from donations represents a value for support services provided by Fife Council of £1,791,841 (2020: £2,335,832).

The amounts for 2020 within this note have been restated to present CRJS furlough income separately on the Statement of Financial Activities.

3. Investment Income

	2021	2020
	£	£
Bank and other interest	<u>551</u>	<u>4,284</u>

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

4. Analysis of expenditure on charitable activities

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

Provision of sport and leisure facilities	Activities undertaken directly	2021	Total	Activities undertaken directly	2020	Total
		Support costs			Support costs	
Unrestricted	£	£	£	£	£	£
Employee costs	9,088,212	-	9,088,212	10,360,784	-	10,360,784
Property costs	405,125	-	405,125	516,077	-	516,077
Supplies and services	608,662	38,383	647,045	1,626,910	48,773	1,675,683
Transport costs	24,737	-	24,737	40,387	-	40,387
Depreciation	256,233	-	256,233	290,614	-	290,614
Loss on disposal	875	-	875	-	-	-
Other finance costs	103,000	-	103,000	197,000	-	197,000
Support Costs from FC	-	1,791,841	1,791,841	-	2,322,527	2,322,527
	10,486,844	1,830,224	12,317,068	13,031,772	2,371,300	15,403,072
Provision of sport and leisure facilities	Activities undertaken directly	2021	Total	Activities undertaken directly	2020	Total
Restricted	£	Support costs	£	£	Support costs	£
Employee costs	9,110	-	9,110	35,443	-	35,443
Supplies and services	2,363	-	2,363	431	-	431
Transport costs	215	-	215	1,738	-	1,738
	11,688	-	11,688	37,612	-	37,612

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

5. Analysis of support costs

	2021	2020
	£	£
Governance costs		
Auditor's remuneration - audit	12,325	9,870
Auditor's remuneration - other	1,095	11,210
Legal fees	20,763	14,418
General support costs		
Data Protection Services	4,200	13,275
Support Costs from FC	1,791,841	2,322,527
	<u>1,830,224</u>	<u>2,371,300</u>

Fife Council has provided a value for the services provided which has been included in the note above. We have recognised a donation from Fife Council equal to the value of the support costs in the Statement of Financial Activities (note 2).

6. Net income/(expenditure) for the year

	2021	2020
	£	£
This is stated after charging/(crediting)		
Auditors' remuneration – audit services	12,325	9,870
Auditors' remuneration – taxation services	1,095	1,300
Depreciation	256,233	290,614
Loss/(gain) on disposal of fixed assets	875	(42,765)

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

7. Staff Costs and Numbers

The remuneration and associated staff costs were as follows:

	2021	2020
	£	£
Wages and salaries	6,800,914	7,677,490
Social security costs	464,408	503,552
Pension costs	1,832,000	2,216,000
	<u>9,097,322</u>	<u>10,397,042</u>

The average number of employees during the year was:

	2021	2020
	Number	Number
Employees	433	483

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

	2021	2020
	Number	Number
£60,000 - £70,000	1	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
More than £90,000	1	-
	<u>3</u>	<u>2</u>

The key management personnel of FSLT comprise the Executive Management Team. The total employee benefits of the senior management team were £325,123 (2020: £329,702).

No member of the Board received remuneration or expenses (2020: £nil). Directors' indemnity insurance was in place during the year.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

8. Pension Costs

Fife Sports & Leisure Trust Limited is an admitted body of the Fife Council Pension Fund. The Superannuation Fund is a defined benefit scheme into which employee' and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are tiered, and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31 March 2020.

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

	31st March 2021	31st March 2020
	£'000	£'000
Opening defined benefit obligation	39,066	42,458
Current service cost	1,832	2,320
Past service cost	-	(104)
Interest cost	916	1,089
Plan participants contributions	338	338
Actuarial losses/(gains)	12,887	(6,560)
Estimated benefits paid	(625)	(475)
	<hr/>	<hr/>
Closing defined benefit obligation	54,414	39,066
	<hr/> <hr/>	<hr/> <hr/>

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

	31st March 2021	31st March 2020
	£'000	£'000
Opening fair value of plan assets	34,967	35,207
Interest income on plan assets	813	892
Plan participants contributions	338	338
Contributions by the employer	1,066	1,080
Actuarial (losses)/gains	9,210	(2,075)
Estimated benefits paid	(625)	(475)
	<hr/>	<hr/>
Closing fair value of plan assets	45,769	34,967
	<hr/> <hr/>	<hr/> <hr/>

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

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

	31st March 2021	31st March 2020
	£'000	£'000
Current service cost	(1,832)	(2,320)
Past service cost	-	104
	<hr/>	<hr/>
Total service cost	(1,832)	(2,216)
Net interest		
Interest income on plan assets	813	892
Interest cost on defined benefit obligation	(916)	(1,089)
	<hr/>	<hr/>
Total net interest	(103)	(197)
Total defined benefit cost recognised in net income/expenditure per the SOFA	(1,935)	(2,413)
	<hr/> <hr/>	<hr/> <hr/>

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

	31st March 2021	31st March 2020
	%	%
Equities	66	70
Bonds	23	16
Property	6	9
Cash	5	5

The estimated employer contributions for the year to 31st March 2021 are £1,066,000.

The principal assumptions used by the actuary were as follows:

	31st March 2021	31st March 2020
	% per annum	% per annum
Pension Increase Rate	2.8	1.8
Salary Increase Rate	3.3	2.2
Discount Rate	2.1	2.3

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	20.3 years	23.1 years
Future Pensioners	21.5 years	25.1 years

9. Tangible fixed assets

	Fixtures & fittings	Motor vehicles	Sports equipment	Other equipment	Total
	£	£	£	£	£
Cost					
As at 1 April 2020	174,882	10,605	2,624,007	654,043	3,463,537
Additions	-	-	-	8,140	8,140
Disposals	-	-	(70,915)	(23,238)	(94,153)
As at 31 March 2021	<u>174,882</u>	<u>10,605</u>	<u>2,553,092</u>	<u>638,945</u>	<u>3,377,524</u>
Depreciation					
As at 1 April 2020	69,953	10,605	1,765,041	565,186	2,410,785
Charge	8,744	-	208,956	38,533	256,233
On disposal	-	-	(70,132)	(23,146)	(93,278)
As at 31 March 2021	<u>78,697</u>	<u>10,605</u>	<u>1,903,865</u>	<u>580,573</u>	<u>2,573,740</u>
Net book value					
As at 31 March 2020	104,929	-	858,966	88,857	1,052,752
As at 31 March 2021	<u>96,185</u>	<u>-</u>	<u>649,227</u>	<u>58,372</u>	<u>803,784</u>

10. Stock

	2021	2020
	£	£
Goods for Resale	<u>7,215</u>	<u>5,347</u>

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

11. Debtors

	2021	2020
	£	£
Trade debtors	56,196	139,735
Prepayments and accrued income	21,381	82,248
Fife Council	346,697	9,775
Government – HMRC	294,434	96,000
	<u>718,708</u>	<u>327,758</u>

12. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	76,962	134,795
Accruals and deferred income	1,130,538	1,448,769
Social security costs and other taxes	292,833	235,104
Fife Council	323,589	208,744
Fife Cultural Trust	28,219	13,420
	<u>1,852,141</u>	<u>2,040,832</u>

The charitable company has an overdraft facility with the bank which is secured by way of a floating charge over all of the assets of the charitable company.

13. Deferred income

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

	2021	2020
	£	£
Balance as at 1 April	361,954	361,954
Amounts released during the year	(217,146)	(321,610)
Amounts deferred during the year	58,145	463,243
Balance at 31 March	<u>202,953</u>	<u>503,587</u>

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

14. Share Capital

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

15. Analysis of net assets between funds

Funds	Unrestricted £	2021 Restricted £	Total £
Balance at 31 st March 2021			
Represented by:			
Fixed assets	803,784	-	803,784
Net current assets	(473,524)	70,451	(403,073)
Retirement benefit scheme	(8,645,000)	-	(8,645,000)
	<u>(8,314,740)</u>	<u>70,451</u>	<u>(8,244,289)</u>

Funds	Unrestricted £	2020 Restricted £	Total £
Balance at 31 st March 2020			
Represented by:			
Fixed assets	1,052,752	-	1,052,752
Net current assets	(722,491)	14,758	(707,733)
Retirement benefit scheme	(4,099,000)	-	(4,099,000)
	<u>(3,768,739)</u>	<u>14,758</u>	<u>(3,753,981)</u>

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

16. Reserves

Unrestricted funds 2020/21

	Opening Balance	Income	Expenditure	Actuarial Loss	Closing Balance
	£	£	£	£	£
General fund	330,260	11,448,068	(11,448,068)	-	330,260
Designated Funds:					
Pension reserve	(4,099,000)	-	(869,000)	(3,677,000)	(8,645,000)
	<u>(3,768,740)</u>	<u>11,448,068</u>	<u>(12,317,068)</u>	<u>(3,677,000)</u>	<u>(8,314,740)</u>

Unrestricted funds 2019/20

	Opening Balance	Income	Expenditure	Actuarial Gain	Closing Balance
	£	£	£	£	£
General fund	819,212	13,593,161	(14,082,112)	-	330,261
Designated Funds:					
Pension reserve	(7,251,000)	-	(1,333,000)	4,485,000	(4,099,000)
	<u>(6,431,788)</u>	<u>13,593,161</u>	<u>(15,415,112)</u>	<u>4,485,000</u>	<u>(3,768,739)</u>

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

16. Reserves (continued)

Restricted Funds 2020/21	Opening Balance	Income	Expenditure	Closing Balance
	£	£	£	£
Cardiac Rehabilitation	49	-		49
Tier 2 Diabetes Weight Management Project	-	59,881	(9,949)	49,932
Active Options	772	-		772
Life Changes Trust	-	7,500	-	7,500
Mind and Be Active Project	13,937	-	(1,739)	12,198
	<u>14,758</u>	<u>67,381</u>	<u>(11,688)</u>	<u>70,451</u>
Restricted Funds 2019/20	Opening Balance	Income	Expenditure	Closing Balance
	£	£	£	£
Cardiac Rehabilitation	49	-	-	49
Cancer Rehabilitation	-	5,176	(5,176)	-
Active Options	772	-	-	772
Mind and Be Active Project	23,592	22,781	(32,612)	13,937
	<u>24,413</u>	<u>27,957</u>	<u>(37,612)</u>	<u>14,758</u>

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

Tier 2 Weight Management

Scottish Government/NHS Fife funded education and physical activity programme for people referred for weight loss.

Active Options

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

Life Changes Trust

Deliver physical activity for people with early onset dementia.

Mind and Be Active/Active for Memory

This project was initially funded by Spirit of 2012, a Trust established by the Big Lottery Fund, was set up to deliver a programme aimed at helping those suffering from dementia and mental health issues. Further funding was received from Fife Council and Fife Health and Social Care Partnership.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

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

	2021	2020
	£	£
Net expenditure for the reporting period (as per the SOFA)	(813,307)	(1,831,606)
Adjustments for:		
Interest received	(551)	(4,284)
Depreciation	256,233	290,614
Loss/(gain) on disposals of fixed assets	875	(42,765)
Net cost in respect of pensions	869,000	1,333,000
(Increase)/decrease in stock	(1,868)	150
(Increase) in debtors	(390,950)	(99,050)
(Decrease) in creditors	(188,692)	(145,998)
	<u> </u>	<u> </u>
Net cash (used in)/ provided by operating activities	<u><u>(269,260)</u></u>	<u><u>(499,939)</u></u>

18. Analysis of cash and cash equivalents

	2021	2020
	£	£
Cash in hand	723,145	999,994
	<u> </u>	<u> </u>
Total cash and cash equivalents	<u><u>723,145</u></u>	<u><u>999,994</u></u>

19. Related parties

Fife Council made a contribution in line with the Services Agreement of £5,353,288 (2020: £2,478,288). Facilities were leased to FSLT for a peppercorn rent. Fife Council also provided various support functions including Finance, Payroll and IT for which FSLT received free of charge. A value for the services in kind has been recognised as donation income in year of £1,791,841 (2020: £2,322,527). Details of sums due to/from Fife Council are disclosed in notes 11 and 12.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

20. Operating lease commitments

	2021		2020
	Other	Total	Total
	£	£	£
Operating Leases which expire:			
Within one year	13,370	13,370	17,660
Later than one year and not later than five years	2,124	2,124	7,855
	15,494	15,494	25,515
	15,494	15,494	25,515

There is a peppercorn rent paid to Fife Council for the use of premises for the provision of recreation and leisure facilities on behalf of the Council, with an agreement in place for the period to 2033. In addition, there is an interim agreement in place with Fife Cultural Trust for rental of premises, however there is currently no formal lease in place. The rental is likely to be in the region of £26,000 for 2021 (2020: £26,000).

21. Capital Commitment

The Company is contracted for the sum of £7k (2020 - £7k). This has not been provided for in the accounts.

22. Ultimate holding organisation

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

23. Post balance sheet events

There are no events after the Balance Sheet date which would have a material effect on the financial statements.

Fife Sports & Leisure Trust Limited
Notes to the financial statements
For the year ending 31st March 2021

24. Comparative Statement of Financial Activities

2020	Unrestricted Funds £	Restricted Funds £	Total 2020 £
Income from:			
Donations	2,335,832	-	2,335,832
Charitable activities	11,034,790	27,957	11,062,747
Investments	4,284	-	4,284
Other trading activities	79,490	-	79,490
CJRS furlough income	96,000	-	96,000
Other income	42,765	-	42,765
Total income	13,593,161	27,957	13,621,118
Expenditure on:			
Charitable activities	(15,403,072)	(37,612)	(15,440,684)
Raising Funds	(12,040)	-	(12,040)
Total expenditure	(15,415,112)	(37,612)	(15,452,724)
Net expenditure	(1,821,951)	(9,655)	(1,831,606)
Actuarial gains/(losses) on defined benefit pension schemes	4,485,000	-	4,485,000
Net movement in funds	2,663,049	(9,655)	2,653,394