
The Scottish Sports Council Trust Company
Annual Report and Financial Statements
For the year ended 31 March 2017

Registered Number SC137068
Charity Number SC020175
Limited By Guarantee

The Scottish Sports Council Trust Company
Annual Report and Financial Statements
For the year ended 31 March 2017

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The Scottish Sports Council Trust Company

Directors' Report (incorporating the Strategic Report)

The Directors present their report and the audited financial statements for the year ended 31 March 2017, which have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, 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 Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS 102)).

The **sportscotland** Board has approved the planned financial investment in the Trust Company for 2017/18 as part of the approval of its budget for 2017/18, which includes the allocation of Grant in Aid from Scottish Government for 2017/18.

Chair's report

sportscotland's mission is to build a world class sporting system for everyone in Scotland, demonstrating our aspiration and ambition to be the best we can be at all levels in sport. We drive this ambition by focusing on continuous improvement and measuring progress as we develop and support the system.

As a wholly owned subsidiary of **sportscotland**, its Trust Company shares this ambition and the national centres, which come within its remit, make an important contribution to the delivery of a world class system.

This is an exciting period for the Trust Company, with the successful opening of our major new facility at Inverclyde to support the objectives of providing world class inclusive facilities for sport in Scotland, which was completed in March 2017. Key elements of the Inverclyde Centre include the provision of 60 accessible twin rooms, café and bar area and the provision of a gym and physical preparation area.

Significant progress continued to be made in 2016/17 in terms of increased collaboration across the three centres at Inverclyde, Cumbrae and Glenmore Lodge, including the implementation of a standardised booking system, ensuring the quality of courses and services offered were consistently of a high standard and ensuring a consistency of approach across the three Centres. This helps to add value to the organisation as well as potentially reducing risk.

The Centres have also continued to work together to ensure that their objectives and outputs are consistent with the impact measures that **sportscotland** is striving to achieve, ensuring that the centres continue to contribute to the delivery of a world class sporting system for Scotland, accessible to all.

This year also saw the appointment of two new Board members through a public recruitment process. This has led to a more inclusive and diverse Trust Company Board, which helps to ensure that different voices and communities are represented, and able to input into the development of the Centres' activities.



David Gass
Chair

17 August 2017

The Scottish Sports Council Trust Company

Our purposes and activities

Purposes

The main purposes of the Trust Company are:

- The preservation and safeguarding of the physical and mental health of the community through physical recreation (including sports) and education in relation thereto; and.
- The provision, in the interests of social welfare and for the purposes of improving the conditions of life for the person for whom the same are primarily intended, of facilities for physical recreation (including sports) which shall be available to members of the public at large, including special facilities for persons who by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances may have need of special facilities.

In order to achieve these aims the Trust Company operates the National Sports Centres at Glenmore Lodge, near Aviemore, Inverclyde, at Largs and Great Cumbrae at which courses of instruction and sporting facilities are provided and are expected to continue for many years to meet user demand. Further information on the courses and facilities provided can be obtained from the **sportscotland** (the trading name of The Scottish Sports Council) website (www.sportscotland.org.uk).

Through its activities the Trust Company creates outcomes across the sporting system. Delivering a return on investment by:

- Maximising and aligning resources with key partners.
- Strengthening enablers through investment in people, places and profiling sport.
- Supporting and improving sporting environments through work with clubs and communities of practice, schools and education, and investment in resources to support and improve performance sport.
- Achieving outcomes for all people who wish to be involved in sport, remain in sport, return to sport or progress with sport.

The Trust Company is increasingly seeking to operate as one entity by the sharing of knowledge, skills and ideas between centres. Further integration is being achieved through regular National Working Group meetings between management from all centres and through the implementation of a common booking system, which will enable a consistent approach to managing and reporting booking and sales information.

Activities

The **sportscotland** Trust Company operates three national centres; Glenmore Lodge, Cumbrae and Inverclyde. The national centres provide unique facilities and services, providing people with opportunities to participate and progress in sport. They also contribute to and at times lead innovation in specific areas of the sporting sector.

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In particular, the staff and facilities at the national centres and the access they provide to Scotland's outdoor landscape are an important national resource and asset in Scotland's sporting system.

Inverclyde

Inverclyde has undergone a major transformation with considerable work taking place during 2015-17 towards the construction of a "world class inclusive residential sport facility for Scotland", which was completed in March 2017. Inverclyde has been transformed by the £12 million invested by **sportscotland** and the Scottish Government, to be able to deliver "an inclusive world class sporting experience for all in an inclusive and inspirational environment", incorporating state-of-the-art equipment and accommodation for sports governing bodies, sports clubs, athletes and the community.

The Centre is the first of its kind in the UK and now provides a wealth of opportunities for hosting national and international events while continuing its previous role of fostering strong club and community, school and education links locally and throughout Scotland and the UK more generally.

The Centre now boasts a number of world class new sports facilities, including a physical preparation area, fitness suite, multi-use studios and a rehabilitation area. This complements the existing facilities including the multi-use main hall, international standard gymnastics facility and the recently constructed Weir 3G indoor hall. Outdoor facilities include astro-turf pitches for football and hockey, tennis courts, grass pitches, and the golf practice facility.

The Centre is "inclusive" so as to encourage use and participation by Scottish Disability Sport, Scottish Governing Bodies who have disability participants, para sports and athletes, who will be able to access bespoke facilities, in a facility which will be open to all offering complete inclusivity particularly for the targeted sports. It will continue to provide a residential training Centre for schools, governing bodies of sport and clubs, while complementing North Ayrshire Council's local sports resource by providing access for the community to the improved and enhanced facilities.

The Inverclyde redevelopment was managed by a Project Board staffed by **sportscotland** staff and supported by external expertise. This approach is helping develop in house expertise and experience which will be valuable for future projects. The approach has been the subject of three internal audits to date with substantial assurance regarding the design and operations of the control processes adopted to deliver this major project.

Whilst construction work has impacted the delivery of residential activities during 2016-17, the National Centre Inverclyde has continued to deliver a community programme and non residential use of the facility.

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Inverclyde continues to offer the community sports facilities with 5,000 visits to the fitness classes; 20,808 user hours in the gymnastics facility; 28,338 user hours by Largs Gymnastics Club, Scottish Gymnastics and sports clubs; 24,267 user hours in the sports hall, 3g indoor area and outdoor pitches.

Inverclyde continues to engage with its stakeholders via Facebook, website and meetings regarding the progress with the new build.

A full audit/condition survey has taken place which has identified maintenance investment required for the existing facility over the next five years, especially with regards to compliance and health and safety requirements. This includes recommendations for building refurbishments, maintenance of external paths, fences and estate and upgrade of existing facilities. This was also addressed in the rebuilding programme to ensure all the facilities are of a world class standard.

Cumbrae

Cumbrae which operationally works closely with Inverclyde, coming under the same management processes, continues to play its role as the National Centre for Sailing and other water sports by providing the highest quality of learning opportunities at all levels, encouraging success, enabling personal development and empowering individuals to have a safe and responsible access to the Marine environment.

sportscotland continues to invest in equipment and facilities at Cumbrae, therefore providing a world class location for water sports. The fabric of the centre was invested in to comply with Health and Safety and compliance matters and a fleet replacement programme has been maintained. A retractable walkway has been procured to provide a more durable link to the breakwater at Cumbrae and further investigations will be carried out during 2017 to look at a future solution for the sustainability of the breakwater.

2016-17 was the second year of a new strategic plan and Cumbrae's strategy is closely linked with the RYAS strategy, as well as offering 'out reach' services to world events and repeat training in Abu Dhabi, Spain, Gibraltar and Weymouth.

During 2016-17, National Centre Cumbrae achieved an increase in occupancy levels, with student days increasing by 1,543 on the previous year. For the first year ever the Centre delivered a "Cumbrae Experience" to over 3,000 individuals visiting the Island for water sports. Residential schools and paddle sports are on the increase over the year.

RYAS squad's use remains strong. Cruising is operating at 88% occupancy levels, with over 120 different cruises being offered to the public. The new schools programme has embraced the John Muir Trust Award and new remote e-learning courses are being offered.

Customer satisfaction remains high with 94% of returns very good or excellent.

The increasingly diverse offering by Cumbrae is key to enabling it to meet both the strategic objectives and financial targets.

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Glenmore Lodge

Glenmore Lodge continues to deliver exemplar training, supporting personal outcomes for individuals and helping support outdoor and adventure sport sector development and innovation. It remains a key strategic partner for governing bodies across four primary outdoor and adventure sports – mountaineering, paddle sports, snow sports and mountain biking. This partnership continues to bring significant resilience to qualification frameworks as investment is prioritised to support the development of future leaders, coaches and instructors. In total, 4,215 students attended training during 2016-17 and our training skills videos averaged 60,000 views per month.

sportscotland continues to invest in Glenmore Lodge as a strategic venue for outdoor and adventure sport. Its facilities continue to support Scottish athletes through **sportscotland** Institute of Sport, as well as being used by a variety of local and regional sports clubs. The centre remains the choice for many groups with sporting or outdoor interests and during 2016-17 4,097 people attended an event hosted at Glenmore Lodge in relation to their sport or outdoor agenda.

Room occupancy levels averaged 64% during 2016-17 and peaked at 90% during February 2017. Training course fill rates averaged 84% and a business trend towards more bespoke training continues to complement the significant programme of brochure courses, with 1,474 people attending bespoke training.

A capital investment programme, funded by **sportscotland** has delivered an upgrade to the heating system, external utility area, staff houses and instructor briefing area. These new and upgraded facilities will support the delivery of future strategic plans, improve the customer experience and maintain the campus as a destination for sporting business and activity.

Scottish Avalanche Information Service (SAIS)

The Scottish Avalanche Information Service which is fully funded by **sportscotland** comes within the remit of the **sportscotland** Trust Company. This service continues to deliver daily avalanche observations and forecasts throughout the winter period (mid December to mid May) and remains the mountain publics default source of avalanche awareness information.

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Financial Review

Financial risks and controls

Procedures have been developed to safeguard assets against unauthorised use or disposition and to maintain proper accounting records to provide reliable financial information both for internal use and for publication. Day to day transactions are processed by the Trust Company finance staff at each of the centres, with support provided by the central **sportscotland** finance team. Regular management accounts are prepared by the central **sportscotland** finance team in collaboration with the Trust Company finance staff.

The Trust Company centres are included in the quarterly budget reviews by the central **sportscotland** finance team. This involves a detailed review of the budget of each centre with the centre principal and finance staff, in order to understand key variances and to consider any required updates to the budget.

A Finance report is prepared for each of the Trust Company Board meetings, highlighting key trading income and expenditure by centre, as well as providing an analysis of significant variances to budget.

The continued focus on applying an effective procurement process has resulted in cost savings, enhanced systems and more effective contract management. The implementation of the new finance system was completed in 2016/17, leading to efficiencies through reduced paperwork, process timescales and resource requirement. The booking system used at Glenmore Lodge has been rolled out to Inverclyde and Cumbrae during the latter part of 2016/17 and this should lead to better financial and operational information about bookings as well as enabling increased consistency of reporting between the centres.

More generally, the organisation is committed to a process of continuous development and improvement, including developing systems in response to any relevant reviews and developments in best practice.

Financial Summary

The net incoming/(outgoing) resources of the Trust Company for the year amounted to £9,042k (2015/16 £2,343k). Funding of £3,025k (2015/16 £3,133k) was received from **sportscotland**, with a further £2,409k (2015/16 £2,637k) being generated from the Trust Company's charitable activities and £142k (2015/16 £102k) from funds generating activities. The Trust Company received £9,224k (2015/16 £2,877k) of donated assets from **sportscotland**, principally comprised of the work in progress units of construction at Inverclyde. The Trust Company received a donation of £650k in the year from North Ayrshire Council in connection with the relocation of the golf facility at Inverclyde. The Trust Company also received £692k for sale of land at Inverclyde to North Ayrshire Council. This is recorded as a gain on disposal of an asset.

The Trust continues to receive significant investment from **sportscotland**, to enable the ongoing delivery of key training activities and to ensure the maintenance and development of the estate.

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The Centres at Cumbrae and Glenmore Lodge have traded in line with budget, through the provision of courses and activities. At Inverclyde, there has been a planned reduction in trading activity during the construction phase of the new building. Overall, the Trust Company has performed in line with budget in 2016/17.

The Statement of Financial Activities is set out on page 19.

Reserves policy and going concern

The Trust Company has both restricted and unrestricted reserves.

Restricted Reserves

As stated within the **sportscotland** Financial Memorandum, governing **sportscotland** and the Trust Company, any disposal of fixed assets, acquired using **sportscotland** capital grants, upon winding up or sale of the Trust Company would require the proceeds of sale to be repaid, in the first instance, to the Scottish Government. As a result a Capital Contribution was created to account for the **sportscotland** capital grants used to acquire these assets. The value of the Capital Contribution at 31 March 2017 was £17,842k (2016 £8,995k).

A restricted reserve has been created for grants received from Ayrshire Enterprise and Highlands & Islands Enterprise for the purchase of fixed assets. This reserve is released to the Income and Expenditure account over the useful lives of the purchased assets. The value of this reserve at 31 March 2017 was £265k (2016 £281k).

A restricted reserve was created in a prior year arising from a donation for a new 3G pitch facility at Inverclyde. A further donation of £650k for the relocation of the golf facility at Inverclyde was added to this reserve in the year. The reserve at the year end amounts to £602k (2015/16 £273k).

Unrestricted Reserves

All other funds are unrestricted as revenue funding from **sportscotland**, other donations, along with any other income and resources from operations, are available for use in the furtherance of the Trust Company's objectives. There is currently a surplus of £1,803k (2016 deficit £(1,378k)) in unrestricted reserves.

The Trust Company is funded by income from its trading activities and by donations, including those from **sportscotland**. **sportscotland** has confirmed that it will continue to provide financial support to the Trust Company subject only to the availability of funding from the Scottish Government. This commitment is clearly set out in the Memorandum of Understanding between **sportscotland** and the Trust Company.

Expenditure during the year has supported the key objectives of the Trust Company as set out in the Activities section above.

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Going concern

The level of business and the year end position of the Trust Company were both satisfactory, given the confirmed financial position. **sportscotland** will continue to provide financial support to the Trust Company, subject to the availability of funding from Scottish Government.

Plans for future periods

sportscotland will continue to invest in the three National Centres to ensure they offer the range and quality of services required to allow them to contribute to the development of a world class system for sport in Scotland.

A new management structure has been put in place to oversee both Inverclyde and Cumbrae and this should lead to increased efficiency through shared services and activities between the two sites.

The major redevelopment of Inverclyde has created a unique facility that will provide sporting facilities and accommodation for a wide range of users from schools, local people and local community groups to Scottish Governing Bodies and high performance athletes. 2017-18 will see the full reopening of the centre and the rebuilding of the customer base. There will be a concerted marketing effort to attract previous customers and new customers to make use of the unique combination of 60 accessible bedrooms and attached sports halls and physical preparation areas, along with the external sports pitches and courts. The refurbishment of the golf practice facility is underway and is scheduled for completion in Spring 2018.

The National Centre Cumbrae will continue to provide a range of courses in conjunction with its main strategic partner, the Royal Yachting Association (Scotland) (RYAS), and is now partnering with Glenmore Lodge to offer sea kayaking courses. The major issue affecting the long term operation of the Centre is the breakwater. Expert advice is being sought to identify possible alternative long term options although these will be the subject of further discussions with partners to find a more sustainable solution for Cumbrae and possibly the island itself.

Glenmore Lodge has received **sportscotland** investment to continue to develop its facilities and it will continue with this plan in 2017/18, including a new accessible entrance to its main building. These investments will help it continue to deliver world class services to its targeted sports. Looking ahead Glenmore Lodge's management team is now developing a longer term campus plan to help identify other opportunities for enhancing the Centre's contribution to encouraging participation and progression in outdoor and adventure sport.

The centre management teams meet regularly to exchange ideas and to look at opportunities to market each others services and to support each other in developing existing and new business opportunities.

With ongoing investment from **sportscotland** the Trust Company will continue to ensure the National Centres help contribute to the development of a world class sporting system for everyone in Scotland by:

- integrating the work of the National Centres through seeking opportunities for greater collaboration and working closely with other parts of **sportscotland**;
- ensuring the Centres' leadership roles in their respective sectors; and
- planning investment and managing the Centres' assets to maximise their contribution to the sporting system.

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Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and net movement in funds of the Trust Company for that year. 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 (FRS 102);
- make judgements and accounting 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 Trust Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust Company's transactions and disclose with reasonable accuracy at any time the financial position of the Trust Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust Company 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 the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Reference and Administrative Details of the Charity, Its Trustees and Advisors

The registered name of the charity is "The Scottish Sports Council Trust Company".

The Scottish Sports Council Trust Company (the Company) is constituted as a company limited by guarantee under Companies Act legislation and has been recognised by the Inland Revenue as having Charitable Status and, as such, is exempt from Corporation Tax.

The company registration number is SC137068 and the registered charity number is SC020175.

Registered Office

The address of the Company's registered office is:
Doges, Templeton on the Green
62 Templeton Street
Glasgow
G40 1DA

Professional Advisors

The professional advisors to the Trust Company are:

Bankers:	Bank of Scotland 206 St John's Road EDINBURGH EH12 8SH	Solicitors:	Wright, Johnston & Mackenzie LLP 302 St Vincent Street GLASGOW G2 5RZ
Auditors:	Grant Thornton UK LLP 7 Exchange Crescent EDINBURGH EH3 8AN	Actuaries:	Hymans Robertson LLP 221 West George Street GLASGOW G2 2ND

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Directors and Trustees

All Directors are also the trustees for the purposes of charity law; however, we refer to these individuals as Directors throughout the Annual Report.

In April 2010, the Trust Company Board was restructured so that, under the Charity and Investment (Scotland) Act 2005 conflict of interest regulations, the Board has independence from the main Scottish Sports Council Board.

All Directors are non-executive and are as follows:

Prof. Grant Jarvie	(Chair) (resigned 3 October 2016)
David Gass	(Chair from 3 October 2016)
Ross McMillan	(resigned 2 August 2016)
Jane Kerr	
Margaret Duncan	
Pamela Woodman	
Kay Morrison	
David Rhoney	
Dilawer Singh MBE	
Jane Walters	
Kelsey Blemings	(from 18 April 2017)
Kirsty Garrett	(from 18 April 2017)
Frances Wood	(from 18 April 2017)

The Secretary of the Company is Liana Waclawski.

The day-to-day management of the Trust Company is delegated by the Directors to the Principals of the three Scottish National Sports Centres. The Principals and their associated Centres are:

Shaun Roberts	Glenmore Lodge
John Kent	Inverclyde and Cumbrae (retired 31 July 2017)
Michael Cavanagh OBE (interim)	Inverclyde and Cumbrae (from August 2017)

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Structure, Governance and Management

Governing documents

The Trust Company is limited by guarantee. The guarantor is:

	Number	Value
		£
The Scottish Sports Council (trading as sportscotland)	1	1

The governing documents of the Trust Company are the memorandum and articles of association along with **sportscotland's** Memorandum of Understanding with the Trust Company.

Board Meetings are held every three to four months and have full, strategic decision-making responsibility. All Directors are entitled to attend these meetings.

Appointment of directors

As set out in the Memorandum of Understanding between the Trust Company and **sportscotland**, the Chair is appointed by **sportscotland** from one of the two non-executive directors appointed to the Trust Company Board by **sportscotland**. All remaining directors are recruited through an open recruitment process and are independent of **sportscotland**.

Trustee induction and training

Newly appointed Directors are subject to a formal induction process as part of their appointment. This process involves briefings from the Chair and operational overviews from **sportscotland's** Chief Executive and the Principals.

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Organisation

The Board of Directors, which can have up to 10 members, administers the company. The board normally meets quarterly. To facilitate effective operations, the Centre principals have delegated authority for operational matters including finance, employment and operational activities.

There is an audit committee which normally meets 1-2 times a year. Membership of the Audit Committee consists of five non executive directors. The membership during the 2016/17 financial year is detailed below:

Prof. Grant Jarvie	(Chair, resigned 3 October 2016)
David Gass	(Chair from 3 October 2016)
Ross McMillan	(Resigned 2 August 2016)
Jane Kerr	
Pamela Woodman	
Frances Wood	(From 16 June 2017)
Kirsty Garrett	(From 16 June 2017)

The Audit Committee and the Trust Company Board receive periodic reports from the Internal Auditors for **sportscotland** when these relate to the Trust Company. **sportscotland** utilises a professional firm of accountants, BDO LLP, as its internal auditors, who operate to standards defined in the *Government Internal Audit Public Sector Standards*. BDO LLP submits regular reports, which include an independent opinion on the adequacy and effectiveness of **sportscotland**'s systems of internal control together with recommendations for improvement.

Related parties and co-operation with other organisations

None of our directors receive remuneration or other benefit from their work.

All Directors are required to disclose potential conflicts of interest on the Register of Interests, which is published on the web-site at the following link:

<http://www.sportscotland.org.uk/resources/trust-company-board-members-registered-interests>

Pay policy for senior staff

All staff working for the National Centres are employed by **sportscotland** and as such provide services to the Trust Company.

sportscotland operates a Performance and Development Review (PDR) system to determine the individual rewards paid to all employees along with senior managers and directors. All pay awards continue to be subject to the Scottish Government Public Sector Pay Policy.

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Equal Opportunities in Employment and Disabled Employees

The Trust Company is committed to the promotion of policies for equal opportunities and to non-discrimination on the grounds of disability.

Staff policies applied during the year

The Trust Company is committed to promoting equality and diversity in employment. **sportscotland** recognises the unique contribution each employee can make and aims to promote a climate of respect for all, requiring all employees to treat each other with fairness, dignity and respect.

The Trust Company is opposed to any form of discrimination against job applicants or employees on the grounds of gender or gender reassignment, disability, age, ethnic or national origin, marital status, religion or belief, sexual orientation, trade union activity, responsibility for dependents or other relevant factors.

In the case of disabled applicants who identify themselves at the application stage, appropriate interview arrangements (such as accessible interview rooms or the assistance of a sign language interpreter) will be offered to enable such candidates to compete on an equal basis.

The Equality and Diversity in Employment Policy supports the Trust Company's wider equality agenda through encouraging the development of a more diverse workforce, where employees understand and promote equality, and where equality is mainstreamed into every aspect of our work.

The Trust Company is committed to ensuring that all employment policies and practices are non-discriminatory in line with relevant employment legislation and best practice.

All employees will be supported to achieve their full potential and all employees that self identify as having additional support needs will have an annual review to assess and review support measures.

Risk management

The Trust Company achieves its risk management objectives by the continued use of a structured risk management process in conjunction with **sportscotland**, designed to ensure that potential opportunities and threats are proactively and systematically identified, assessed and addressed. The risk management framework is reviewed on a regular basis. It was most recently updated in late 2016/17 with evidence gathered from internal audit recommendations, internal consultation with staff and points raised by the **sportscotland** Audit and Risk Committee.

The Trust Company Directors have considered the risks to which the Trust Company is exposed and considered the actions to mitigate those risks. The main risks affecting the Trust Company are:

- reduced investment leading to diminution in the Centres' ability to deliver its core services and programmes;
- significant health and safety issues are identified and/or require significant financial investment;
- properties not fit for purpose;
- adverse weather conditions; and
- significant adverse event involving a member of staff or participant on a training course.

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Disclosure of information to auditors

As far as each of the Directors at the time the report is approved are aware:

- there is no relevant information of which the Trust Company's auditor is unaware; and
- the Directors, having made enquiries of fellow directors and the Trust Company's auditor that they ought to have individually undertaken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By Order of the Board

David Gass

David Gass
Chair

17 August 2017

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Independent auditor's report to the Members and Trustees of The Scottish Sports Council Trust Company

We have audited the financial statements of The Scottish Sports Council Trust Company for the year ended 31 March 2017 which comprise the balance sheet, the statement of financial activities, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources including, its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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Independent auditor's report to the Members and Trustees of The Scottish Sports Council Trust Company (continued)

Matters on which we are required to report by exception

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

- proper and adequate 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Diana Penny
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Edinburgh

Date: 22 AUGUST 2017

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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Statement of Financial Activities (incorporating the Income & Expenditure Account) for the Year Ended 31 March 2017

	Note	Restricted Funds			Unrestricted	Total	Total	
		Restricted Grant 2017	Capital Contribution 2017	Project Reserve 2017	Deferred Income Reserve	General Reserve 2017	2017	2016
					£000			
Income And Endowments From Generated Funds								
Income from donations & legacies	2	-	9,224	650	-	3,157	13,031	6,010
Income from other trading activities:	2							
Inverclyde		-	-	-	-	-	-	-
Cumbrae		-	-	-	-	71	71	45
Glenmore Lodge		-	-	-	-	56	56	57
Investment income	2	-	-	-	-	15	15	-
Incoming Resources from Charitable Activities	2							
Inverclyde		-	-	-	-	246	246	465
Cumbrae		-	-	-	-	508	508	500
Glenmore Lodge		-	-	-	-	1,655	1,655	1,672
Total Incoming resources		-	9,224	650	-	5,708	15,582	8,749
Expenditure On								
Expenditure on raising funds								
Income Generation:	4							
Inverclyde		-	9	-	-	92	101	102
Cumbrae		-	9	-	-	59	68	68
Glenmore Lodge		-	-	-	-	159	159	154
Expenditure on charitable activities:	4							
Income Generation:								
Inverclyde		12	177	-	-	1,769	1,958	1,974
Cumbrae		-	182	-	-	1,072	1,254	1,249
Glenmore Lodge		4	-	-	-	2,996	3,000	2,859
Total expenditure		16	377	-	-	6,147	6,540	6,406
Net Income/ (expenditure)		(16)	8,847	650	-	(439)	9,042	2,343
Transfers between funds		-	-	(321)	-	321	-	-
Other Income		-	-	-	2,000	-	2,000	-
Net Income/(expenditure) before other recognised gains and losses		(16)	8,847	329	2,000	(118)	11,042	2,343
Other recognised gains/(losses)								
Gain/(loss) on disposal of assets		-	-	-	-	693	693	-
Gain/(loss) on revaluation of assets		-	-	-	-	4,276	4,276	-
Actuarial gain/(loss) on defined benefit pension schemes	16	-	-	-	-	(1,670)	(1,670)	1,466
Net movement in funds		(16)	8,847	329	2,000	3,181	14,341	3,809
Total Funds at 1 April 2016		281	8,995	273	-	(1,378)	8,171	4,362
Total Funds at 31 March 2017	9,10, 11, 12,13	265	17,842	602	2,000	1,803	22,512	8,171

All the results for the year are derived from continuing operations.
The notes to these financial statements form part of these financial statements.

The Scottish Sports Council Trust Company

Note of Historical Cost Surpluses and Deficits for the Year Ended 31 March 2017

	2017	2016
	£000	£000
Reported (deficit)/surplus on ordinary activities	9,042	2,343
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(78)	(81)
Historical (deficit)/surplus on ordinary activities for the year	8,964	2,262

The notes to these financial statements form part of these financial statements.

The Scottish Sports Council Trust Company

Balance Sheet as at 31 March 2017

		2017	2016
		£000	£000
Fixed assets			
Property Plant & Equipment	5	25,216	9,298
Intangible assets	5	22	40
Current assets			
Stocks	6	165	152
Debtors	7	611	118
Cash at bank and in hand		454	192
		<u>1,230</u>	<u>462</u>
Creditors: amounts falling due within one year	8	<u>(1,018)</u>	<u>(507)</u>
Net current assets		<u>212</u>	<u>(45)</u>
Total assets less current liabilities excluding pension liability			
		25,450	9,293
Pension liability	16	<u>(2,938)</u>	<u>(1,122)</u>
Net assets		<u>22,512</u>	<u>8,171</u>
Restricted Reserves			
Capital contribution	9	17,842	8,995
Deferred income reserve	12	2,000	-
Restricted grant	10	265	281
Project reserve	11	602	273
Unrestricted Reserves			
General reserve excluding pension reserve	13	4,741	(256)
Pension reserve	16	<u>(2,938)</u>	<u>(1,122)</u>
General reserve including pension reserve	13,16	<u>1,803</u>	<u>(1,378)</u>
		<u>22,512</u>	<u>8,171</u>

The financial statements on pages 19 to 42 were authorised for issue by the Board of Directors on 2017 and were signed on its behalf by:

David Gass 17 August 2017

David Gass, Chair
Registered Number SC137068

The notes to these financial statements form part of these financial statements.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

1 Accounting Policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102), the financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

(b) Fixed Assets and Depreciation

Land and buildings together with related equipment at the National Centres are provided by **sportscotland**. These assets are capitalised in these financial statements at the original cost to **sportscotland** as adjusted for subsequent revaluations.

Assets bought using funds generated by the operations of the Company are treated as owned by the Company. Long leasehold land and buildings are shown at their most recent valuation plus any additions at cost. Such revaluations are undertaken every five years by independent third party specialists. Other fixed assets are valued each year by reference to their cost less straight line depreciation. Revaluation movements on Land and Buildings provided by **sportscotland** are accounted for in the Capital Contribution Reserve.

Impairment reviews are undertaken on Land and Buildings when indicators of impairment arise. Valuations are then obtained and compared to the carrying value in the financial statements. Where impairment provisions are required these are accounted for in the Capital Contribution Reserve. Assets with a value of less than £2,000 are not capitalised.

Depreciation is provided on all fixed assets, other than land, at rates calculated to write off the revalued amount, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold buildings	50 years
Fixtures and fittings	5 years
General equipment	4 years
Computing equipment	4 years
Motor vehicles	4 years
Intangible assets	4 years

Depreciation is only provided for in the year of acquisition if the asset is purchased prior to 30 September. No depreciation is provided in the year of disposal.

Where an asset is held under a finance lease, depreciation is provided over the shorter of the lease term and the policy for the class of assets concerned.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

(c) Capital Contribution Reserve

This is a restricted reserve. A capital contribution has been recognised in respect of those assets provided by sportscotland.

An amount equal to depreciation on the provided assets is transferred to the Income and Expenditure account each year.

(d) Deferred Income Reserve

This is a restricted reserve. £2 million was received in the year from North Ayrshire Council, giving the council specific access to certain sports facilities at Inverclyde for a period of 11 years from April 2018.

(e) Project Reserve

This is a restricted reserve. This relates to donations and gift aid relating to the new 3G sports facility at Inverclyde and to a donation received towards the relocation of the golf facility at Inverclyde.

(f) General Reserve

This is an unrestricted reserve. Surpluses and deficits from operational activities are accounted for through the Income and Expenditure Account.

(g) Stocks

General stocks are stated at the lower of cost and net realisable value, which is based on estimated selling price. Store stocks of equipment are held for use on courses and are not for resale. The value of this stock is adjusted according to an internal valuation at the year-end. Costs of producing free issue publications are written off in the year of purchase.

(h) Post-Retirement Benefits

All members of staff have the option of joining the Strathclyde Pension Fund (SPF). Existing employees are entitled to maintain their membership of the Scottish Teachers Superannuation Scheme (STSS).

STSS

One employee is a member of the STSS pension scheme which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of sportscotland. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Charities SORP (FRS 102), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting period.

SPF

The SPF is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the Company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and actuarial gains and losses.

(i) Leases

The rental costs of operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

(j) Income and Expenditure Recognition Policy

Incoming Resources

Grants received on qualifying capital expenditure have been treated as deferred grants and are credited to revenue over the expected useful lives of the assets concerned in line with the relevant depreciation policy. Grants of a revenue nature are credited to the Statement of Financial Activities in the period in which they are approved for payment.

Operational income is recognised in the period in which the Company is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the Company has to fulfil conditions before becoming entitled to it. Any full or part payments received relating to future courses are deferred until the course has been run.

Resources Expended

Expenditure on operational programmes is recognised in the period in which it is incurred.

As no system exists to directly attribute costs between charitable expenditure and income generating expenditure an estimate is made each year based on activity.

Governance costs comprise only audit fees. There is no apportionment of indirect costs as these are considered to be immaterial.

(k) Value Added Tax

All income and expenditure is shown net of Value Added Tax (VAT). The Company incurs some irrecoverable VAT due to the nature of its activities. This is allocated to resources expended categories on the same basis as the cost. Some irrecoverable VAT arises on fixed asset purchases directly incurred by the Company but this is deemed negligible and charged to resources expended.

(l) Exemptions

The Company is a wholly owned subsidiary of **sportscotland**, and is included in the consolidated financial statements of **sportscotland**, which are publicly available. The company has obtained approval from **sportscotland** of the Trust Company's intention to adopt FRS102 with reduced disclosures for the year; in particular the requirement to present a cashflow statement and related notes and disclosure of key management personnel compensation. There have been no related party transactions in the reporting period that require disclosure.

(m) Transfer of Funds Between Reserves

Funds are transferred between reserves when either a release from the revaluation reserve occurs, a depreciation adjustment is made on revalued assets, or when fixed asset expenditure is incurred on a restricted asset purchase with no future restriction on that asset.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

(n) Going Concern

The financial statements have been prepared on the basis of accounting policies that are consistent with the treatment of the Company as a going concern. **sportscotland** will support the Company to the extent needed. The Company is reliant on the funding from its parent to enable it to continue to operate and to meet its pension liability, as per the Memorandum of Understanding agreed with **sportscotland**.

The Board of Directors of the Company is confident that the parent undertaking is able to support the Company for the next 12 months.

2 Incoming Resources

Voluntary Income

	2017	2016
	£000	£000
Funding from sportscotland	3,025	3,133
Assets donated by sportscotland	9,224	2,877
Other donations	782	-
	13,031	6,010

Activities for Generating Funds

	Inverclyde	Cumbrae	Glenmore Lodge	2017	2016
	£000	£000	£000	£000	£000
Staff meals and accommodation	-	9	28	37	40
Other income	-	62	28	90	62
	-	71	56	127	102

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

Investment Income

	2017	2016
	£000	£000
Other finance income	<u>15</u>	<u>-</u>
	15	-

Incoming Resources from Charitable Activities

	Inverclyde	Cumbrae	Glenmore Lodge	2017	2016
	£000	£000	£000	£000	£000
Course Fees	21	454	1,017	1,492	1,631
Hires, Sales & Hospitality	<u>225</u>	<u>54</u>	<u>638</u>	917	<u>1,006</u>
	<u>246</u>	<u>508</u>	<u>1,655</u>	2,409	<u>2,637</u>

Funding from sportscotland

During the period funding of £3,025k (2016 £3,133k) was received from **sportscotland** in respect of operational costs. **sportscotland** intends to continue to provide financial support to the Company subject only to the availability of funding from the Scottish Government.

3 Employees

Total staff costs comprise:

	2017	2016
	£000	£000
Wages and salaries	2,654	2,805
Social security costs	220	167
Other pension costs	<u>427</u>	<u>388</u>
	<u>3,301</u>	<u>3,360</u>

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

Average Staff Numbers

The average staff numbers, including part-time and full-time employees, was made up as follows:

	2017	2016
By Centre	Number	Number
Inverclyde and Cumbrae	60	58
Glenmore Lodge	49	41
Corporate	12	12
	<hr/>	<hr/>
	121	111

All employment contracts are within sportscotland and the relevant amounts charged to the Company.

One employee earned over £60k (2016: £nil).

No emoluments were paid to Directors in either year. Directors are able to claim for relevant travel and accommodation expenses.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

4 Resources Expended

Income Generation

	Inverclyde	Cumbrae	Glenmore Lodge	2017	2016
	£000	£000	£000	£000	£000
Staff costs	53	34	78	165	168
Administration	13	1	3	17	11
Training	1	7	39	47	46
Disallowed VAT	5	-	4	9	8
Household	1	-	2	3	2
Establishment	10	5	11	26	29
Outside catering costs	8	10	13	31	30
Operating lease rentals	1	1	2	4	4
(Gain)/Loss on sale	-	-	-	-	1
Depreciation	9	10	7	26	25
	101	68	159	328	324

Charitable Activities

	Inverclyde	Cumbrae	Glenmore Lodge	2017	2016
	£000	£000	£000	£000	£000
Staff costs	1,013	642	1,481	3,136	3,192
Administration	248	15	46	309	179
Training	28	128	753	909	882
Disallowed VAT	102	-	68	170	163
Household	24	-	45	69	38
Establishment	200	86	202	488	533
Outside catering costs	149	192	240	581	588
Operating lease rentals	4	3	29	36	35
(Gain)/Loss on sale	-	-	-	-	27
Governance costs	12	7	9	28	12
Depreciation	178	181	127	486	433
	1,958	1,254	3,000	6,212	6,082

As no system exists to directly attribute costs between charitable expenditure and income generating expenditure an estimate is made each year based on activity. For the year to 31 March 2017 the split was 95% charitable and 5% income generating (2016: 95% charitable and 5% income generation).

sportscotland provides a payroll service and support from finance staff free of charge. The value of these services is considered to be immaterial to the Company.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

5 Tangible Fixed Assets

	Long Term Leasehold Land and Buildings	Assets Under Construction	Fixtures and Fittings	Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost/Valuation						
At 1 April 2016	6,956	2,345	217	1,150	116	10,784
Additions	11,957	-	-	179	-	12,136
Transfers	2,345	(2,345)	-	-	-	-
Revaluation	3,652	-	-	-	-	3,652
At 31 March 2017	24,910	-	217	1,329	116	26,572
Accumulated depreciation						
At 1 April 2016	(317)	-	(203)	(869)	(97)	(1,486)
Charge for year	(308)	-	(7)	(171)	(9)	(495)
Revaluation	625	-	-	-	-	625
At 31 March 2017	-	-	(210)	(1,040)	(106)	(1,356)
Net Book Value						
At 31 March 2017	24,910	-	7	289	10	25,216
Net Book Value						
At 31 March 2016	6,639	2,345	14	281	19	9,298

The accounting policy in respect of fixed assets is set out on pages 22.

All land and buildings were revalued as at 31 March 2017. The valuation was carried out by an independent valuer, DVS, the commercial arm of the Valuation Office Agency.

If fixed assets had not been revalued they would be included at a capitalised value of £32,941k with aggregate depreciation thereon of £6,329k (2016: £20,806k and £5,943k).

Grants made to **sportscotland** after 1 April 1992 and by **sportscotland** to the Company were made on the basis that any fixed assets acquired, extended or improved by such grants should be available for claw back (the return of sale proceeds to the Exchequer) in the event of disposal or change of use. For the year ended 31 March 2017 the value of such grants was £453k (2016 £453k).

The Scottish Sports Council Trust Company
Notes to the Financial Statements for the year ended 31 March 2017

5 Intangible Fixed Assets

	£000
	Software
Cost/Valuation	
At 1 April 2016	74
Additions	-
Disposals	-
At 31 March 2017	<u>74</u>
 Accumulated depreciation	
At 1 April 2016	(34)
Charge for year	(18)
Disposals	-
At 31 March 2017	<u>(52)</u>
 Net Book Value	
At 31 March 2017	<u>22</u>
 Net Book Value	
At 31 March 2016	<u>40</u>

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

6 Stocks

	2017	2016
	£000	£000
Goods held for resale	17	20
Consumable stores	148	132
	165	152

7 Debtors

	2017	2016
	£000	£000
Amounts falling due within one year:		
Trade debtors	87	86
Amounts owed from parent undertaking	510	-
Prepayments and accrued income	14	32
	611	118

8 Creditors: Amounts Falling Due Within One Year

	2017	2016
	£000	£000
Trade creditors	153	116
Amounts owed to parent undertaking	-	38
Other creditors	22	30
Accruals and deferred income	843	323
	1,018	507

Included in accruals and deferred income above is deferred income of £217k (2016 £169k).
Movements during the year are as follows:

	2017	2016
	£000	£000
At 1 April 2016	169	370
Released in the year	(169)	(370)
Deferred in the year	217	169
At 31 March 2017	217	169

Income is deferred when it relates to courses which are due to be run after the year end.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

9 Capital Contribution

	2017	2016
	£000	£000
At 1 April 2016	8,995	6,435
Assets leased and donated during the year	<u>9,224</u>	<u>2,877</u>
	18,219	9,312
Less: Impairment of fixed assets	-	-
Less: Revaluation of fixed assets	-	-
Less: Resources expended	<u>(377)</u>	<u>(317)</u>
At 31 March 2017	<u>17,842</u>	<u>8,995</u>

This is a restricted reserve. As stated within the sportscotland Financial Memorandum, governing sportscotland and the Company, any disposal of fixed assets, acquired using sportscotland capital grants, upon winding up or sale of the Company would require the proceeds of sale to be repaid, in the first instance, to Scottish Government. As a result a Capital Contribution was created to account for the sportscotland capital grants used to acquire these assets. The value of the Capital Contribution at 31 March 2017 was £17,842k (2016 £8,995k).

10 Restricted Grant

	2017	2016
	£000	£000
At 1 April 2016	281	297
Resources expended	<u>(16)</u>	<u>(16)</u>
At 31 March 2017	<u>265</u>	<u>281</u>

This is a restricted reserve. A restricted reserve has been created for grants received from Ayrshire Enterprise and Highlands & Islands Enterprise for the purchase of fixed assets. The value of this reserve at 31 March 2017 was £265k (2016 £281k).

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

11 Project Reserve

	2017	2016
	£000	£000
At 1 April 2016	273	313
Donations received	650	-
Resources expended	(321)	(40)
At 31 March 2017	602	273

A private donation of £900k was received for an indoor 3G pitch at Inverclyde during 2012/13. A further £250k was received, together with Gift Aid of £288k, during 2013/14. The restrictions placed on the donations were to pay for the cost of the Facility and the balance will be used to enhance and maintain the Facility. A £650k donation was received from North Ayrshire Council, via **sportscotland**, during the year in connection with the relocation of the golf facility at Inverclyde. The Project Reserve is reduced as expenditure is incurred on the respective projects.

12 Deferred Income Reserve

	2017	2016
	£000	£000
At 1 April 2016	-	-
Transferred in during the year	2,000	-
At 31 March 2017	2,000	-

£2 million was received from North Ayrshire Council in April 2016 in respect of payment for access to sports facilities at the Inverclyde facility for 11 years from April 2018.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

13 General Reserve

	2017	2016
	£000	£000
At 1 April 2016	(1,378)	(2,683)
Surplus/(Deficit) for the year	4,530	(201)
Released from Project Reserve	321	40
Actuarial gain/(loss) on defined benefit pension scheme	(1,670)	1,466
At 31 March 2017	<u>1,803</u>	<u>(1,378)</u>

This is an unrestricted reserve.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

14 Analysis of Net Assets between Reserves

Reserve balances at 31 March 2017 are represented by:

	Unrestricted Reserves	Restricted Reserves	Total Reserves	Total Reserves
	2017	2017	2017	2016
	£000	£000	£000	£000
Fixed Assets	4,529	20,709	25,238	9,338
Current Assets	1,230	-	1,230	462
Current Liabilities	(1,018)	-	(1,018)	(507)
Total Net Assets before Pension Reserve	4,741	20,709	25,450	9,293
Pension Reserve	(2,938)	-	(2,938)	(1,122)
Total Net Assets after Pension Reserve	1,803	20,709	22,512	8,171

15 Reconciliation of Reserves

	2017	2016
	£000	£000
At 1 April 2016	8,171	4,362
Movement in Capital Contribution	8,847	2,560
Movement in Project Reserve	329	(40)
Movement in Deferred Income Reserve	2,000	-
Movement in Restricted Grant	(16)	(16)
Retained surplus/(deficit) for the year	4,851	(161)
Pension fund – actuarial gain/(loss)	(1,670)	1,466
At 31 March 2017	22,512	8,171

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

16 Pension and Similar Obligations

All members of staff have the option of joining the Strathclyde Pension Fund (SPF). Existing employees are entitled to maintain their membership of the Scottish Teachers Superannuation Scheme (STSS). Both schemes are defined benefit schemes and the Company contributes 19.3% (2014/15 19.3%) of employee contributions to the respective schemes. Employee contributions are a fixed % based on gross salary. The charge in the financial statements reflects the costs incurred by the Company during the year for the STSS £10k (2015/16 £9k) and SPF £417k (2015/16 £379k).

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. The latest actuarial valuation of the SPF scheme was as at 31 March 2014, and the STSS at 31 March 2012.

The Scottish Teachers Superannuation Scheme

sportscotland participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken based on data as at 31 March 2012. The next valuation will be based on data as at 31 March 2016 and this will set contribution rates from 1 April 2019.

sportscotland has no liability for other employers obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The Strathclyde Pension Fund

The Company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2014 by a qualified independent actuary. The Company has accounted for the defined benefit scheme using the interim valuation updated to 31 March 2017.

The major assumptions used by the actuary were:

	31 March 2017	31 March 2016	31 March 2015
Rate of increase in salaries	4.4%	4.2%	4.4%
Rate of increase in pensions in payment and deferred pensions	2.4%	2.2%	2.5%
Discount rate applied to scheme liabilities	2.7%	3.6%	3.3%
Inflation assumption	2.4%	2.5%	2.5%

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

Mortality

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

Scheme Assets

The assets in the scheme and the expected rate of return were:

	Long term rate of return 31 March 2017	Value at 31 March 2017	Long term rate of return 31 March 2016	Value at 31 March 2016	Long term rate of return 31 March 2015	Value at 31 March 2015
		£000		£000		£000
Equities	6.6%	8,424	6.6%	6,096	6.6%	5,899
Government securities	3.7%	468	3.7%	1,153	3.7%	1,022
Property	4.8%	1,317	4.8%	908	4.8%	865
Cash	3.7%	411	3.7%	293	3.7%	79
Total	5.9%	10,920	5.9%	8,450	5.9%	7,865
Present value of scheme liabilities		(13,858)		(9,572)		(10,180)
Net pension (liability)/asset		(2,938)		(1,122)		(2,315)

The asset values at 31 March 2017, 2016 and 2015 are at bid price as required by FRS 102.

The overall expected long term return on plan assets is a weighted average of the expected long term returns for equity securities, debt securities and other assets.

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

Analysis of amounts charged to operating surplus:

	2017	2016
	£000	£000
Current service cost	508	551
	508	551

Analysis of amounts included in other finance income/costs:

	2017	2016
	£000	£000
Expected return on pension scheme assets	312	266
Interest on pension scheme liabilities	(355)	(345)
Net return	(43)	(79)

Analysis of amounts included in other recognised gains and losses:

	2017	2016
	£000	£000
Actual return less expected return on scheme assets	1,701	(57)
Percentage of year-end scheme assets	15.6%	(0.7)%
Experience gains and losses arising on scheme liabilities	0	78
Percentage of present value of year-end scheme liabilities	0%	0.1%
Changes in assumptions underlying the present value of scheme liabilities	(3,371)	1,445
Percentage of present value of year-end scheme liabilities	(12.1)%	15.1%
Actuarial gain/(loss) recognised in the Statement of Total Recognised Gains and Losses	(1,670)	1,466

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Notes to the Financial Statements for the year ended 31 March 2017

Reconciliation and changes in the present value of the defined benefit obligation were as follows:

	2017	2016
	£000	£000
Opening defined benefit obligation	9,572	10,180
Current service cost	508	551
Interest cost	355	345
Contributions by members	143	125
Actuarial losses/(gains)	3,371	(1,523)
Estimated benefits paid	(91)	(106)
Closing defined benefit obligation	13,858	9,572

The estimated value of employer's contributions for the year to 31 March 2018 will be £405k.

Reconciliation and changes in the fair value of scheme assets are as follows:

	2017	2016
	£000	£000
Opening fair value of employer's assets	8,450	7,865
Expected return on assets	312	266
Contributions by members	143	125
Contributions by the employer	405	357
Actuarial gains/(losses)	1,701	(57)
Estimated benefits paid	(91)	(106)
Closing fair value of employer's assets	10,920	8,450

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History of Experience Gains and Losses

	Value at 31 March 2017 £000	Value at 31 March 2016 £000	Value at 31 March 2015 £000	Value at 31 March 2014 £000	Value at 31 March 2013 £000
Difference between the expected and actual return on assets	1,701	(57)	235	98	475
Value of assets	10,920	8,450	7,865	6,952	6,214
Percentage of assets	15.6%	(0.7)%	3.0%	1.4%	7.6%
Experience gains/(losses) on liabilities	0	78	340	2	5
Total present value of liabilities	13,858	9,572	10,180	8,127	7,025
Percentage of the total present value of liabilities	0.0%	0.1%	3.3%	0.0%	0.1%
Actuarial gains/(losses) recognised in the Statement of Total Recognised Gains and Losses for the year	(1,670)	1,466	(959)	(280)	(454)
Total present value of liabilities	13,858	9,572	10,180	8,127	7,025
Percentage of the total present value of liabilities	(12.1)%	15.3%	(9.4)%	(3.4)%	(6.5)%

17 Capital Commitments

	2017 £000	2016 £000
Committed, not provided	-	600

The Scottish Sports Council Trust Company

Notes to the Financial Statements for the year ended 31 March 2017

18 Company Status and Related Parties

The Company was incorporated in Scotland and is limited by guarantee. The guarantor is:

	Value
	£
The Scottish Sports Council (trading as sportscotland)	1

The Directors of the Company and their associated organisations during the year to 31 March 2017 are detailed below:

Grant Jarvie (resigned 3 October 2016)	University of Edinburgh sportscotland
Margaret Duncan	Freelance paddle sport and ski coach at Glenmore Lodge Scottish Canoe Association H2O Outdoors
Kay Morrison	Senior Manager, Sport & Physical Activity, Aberdeenshire Council
David Rhoney	Help for Heroes Sports Recovery Board Member Scottish Disability Sport
David Gass	Rural Matters LLP Upper Quartile sportscotland
Pamela Woodman	Scottish Rugby's Independent Discipline Panel Standard Life Employee Services Limited
Dilawer Singh MBE	Vice President Sports Council for Glasgow Director SALSC President of Punjabi Sahit Sabha President SEMSA Semper Scotland
Jane Walters	Opus 29 Consultancy sportscotland
Ross McMillan (resigned 2 August 2016)	Crieff Hydro Hotel
Jane Kerr	Jane Kerr Projects Ltd

The results of the Company are included in the consolidated financial statements of **sportscotland**, copies of which can be obtained from Doges, Templeton on the Green, 62 Templeton Street, Glasgow.

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Notes to the Financial Statements for the year ended 31 March 2017

19 Financial Commitments

The Company had total commitments under non-cancellable operating leases as follows:

	2017	2016
	£000	£000
Expiring:		
Within one year	48	44
In second to fifth years inclusive	156	49
	204	93

