

**The Scottish Sports Council Trust Company
Annual Report and Financial Statements
For the year ended 31 March 2019**

**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 2019
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THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

CHAIR'S REPORT

sportscotland's vision is to develop an active Scotland where everyone benefits from sport. An active Scotland is one where people are encouraged to participate, progress and achieve in sport. People will become more active and stay active, and the nation will enjoy better physical confidence and competence and increased wellbeing and resilience. All of this is made possible by the people, places and spaces providing opportunities for sport and physical activity, and **sportscotland's** national centres are key examples of this.

As a wholly owned subsidiary of **sportscotland**, the Trust Company shares this ambition and the national centres, which come within its remit, make an important contribution to the delivery of an active Scotland and to demonstrating the achievement of its key objectives. The Trust Company has a strong and committed Board which brings its expertise to bear on the business of the company.

The Active Scotland Outcomes Framework (ASOF) continues to be the Scottish Government's key policy framework for delivering a more active Scotland. **sportscotland** and its national centres have an important role to play in both delivering and supporting the ambitions set out within this policy and the national centres will continue to engage with the third sector, youth groups and other community organisations as well as building on relationships with clubs and their governing bodies, local authorities and community planning partnerships.

sportscotland has undertaken an extensive consultation as part of the development of its new corporate strategy and outdoor sport is seen as an increasingly important element of this. As a result, the role of the Trust Company and the national centres in contributing to the delivery of this strategy will be increasingly important and the Board, staff and management will continue to focus on delivering an excellent experience to all customers from all backgrounds and levels of sporting achievement.

Inverclyde has continued to develop its business offering throughout its second year of operation since its rebuild, with strong growth across a number of sectors, including schools programme, sports clubs and the fitness suite. It has a unique place in the market as Scotland's only fully inclusive, residential sports centre and the Board seeks to further strengthen the brand and its contribution to the overall **sportscotland** strategy. Cumbrae and Glenmore Lodge have both sought to react to the changing demands of customers, working with partners including Sports Governing Bodies, to provide high quality courses and experiences for all users and to increase the focus on inclusion.

The Trust Company has continued to develop its estate, with continuing work at Inverclyde on the Golf Course and the installation of a 3G floodlit facility for rugby and football, along with refurbishment work at Glenmore Lodge.

The centre management teams, led by the Head of Centre at Inverclyde and Cumbrae and the Principal at Glenmore Lodge have also continued to work together to develop the business plans for each of the centres, to share knowledge, experience and marketing skills in order to benefit the Trust Company as a whole.



Frances R Wood
Chair

8 August 2019

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 2019, which have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102), the Charities and Trustee Investment (Scotland) Act 2005, the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended), 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)' (Charities SORP (FRS 102)).

The sportscotland Board has approved the planned financial investment in the Trust Company for 2019/20 as part of the approval of its budget for 2019/20, which includes the allocation of Grant in Aid from the Scottish Government for 2019/20.

Our purposes and activities

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; and
- 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.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

Strategic Report

Achievements and performance

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. 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

In the second year of operation since its major rebuild, Inverclyde has continued to grow its customer base and develop new relationships with governing bodies, local authorities, public bodies and clubs. The centre has established a reputation for providing excellent customer service and a memorable sporting experience. New members of staff have joined the team, which provided an opportunity to review processes and practice as we became more familiar with the operations. During 2018/19 participation days increased from 18,489 to 21,389 with room occupancy increasing by 11% to 41%. Expenditure was diligently managed while income increased across the business by 45%. The gymnastics delivery programme went through a robust review resulting in the competitive gymnastics activity being taken over by a SCIO independent of Inverclyde and sportscotland.

The Business Development Team continued to raise the profile of the centre increasing our customer base through presentations, exhibitions and showcase events. In addition, the creation of Customer Testimonials brought the centre experience to life through genuine feedback and reaction. A new customer feedback system was introduced to support our focus on continual improvement and understand trends. The team increased engagement with a wide range of sports and held significant events for JudoScotland, UK Boccia, Scottish Rowing, Scottish Rugby Union, Triathlon Scotland, Scottish Amputee Football Association and many more. The centre also hosted events for a wide range of charities including the berlour Scotland's Children's Charity and Who Cares Scotland who valued the support they receive and the environment that has been created. High profile guests continued to use Inverclyde with Kilmarnock FC, Manchester United FC and Glasgow Warriors all visiting for residential training camps.

The Schools Programme experienced significant growth with over 62 schools experiencing 5,879 participation days in 2018/19. Through a range of residential and day visits the team delivered a highquality sports programme that increased children's competence, confidence and enjoyment in sport. The programme was further enhanced in 2018/19 with outdoor learning activities introduced making use of the rich environment around the centre. Feedback from school staff, children and parents has been extremely positive with a high percentage of repeat business. The physical preparation area continued to be a key asset to the centre with residential groups utilising it to great effect. Community fitness suite and class users grew considerably reaching over 600 for the first time in Inverclyde's history. Changes to the gymnastics programme were introduced on 1st March 2019 with a reduced team focused on delivering a smaller class timetable which provides greater flexibility for residential guests.

The new centre has continued to evolve with further developments reflecting customer needs including updated bar area and creation of a physio suite connecting the team changing to the physical preparation area. The building defects process is drawing to a conclusion with a few outstanding issues currently being addressed. The development of the golf training facility was delayed further due to contractor issues which have now been resolved, with works expected to be completed in early 2019/20. The site will then require a growing season to allow the course to establish ready for use in spring 2020.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

Inverclyde (continued)

The wider site has been further enhanced with a hill walk and viewing area created providing recreation space. In addition, the centre staff have been working with the Central Scotland Green Network Trust to develop an estates masterplan that will further enrich our outdoor areas with accessible paths, habitat creation and woodland management. In early 2019 work began on the Ground Staff Welfare Area and the new outdoor synthetic world rugby surface which will be complete in June 2019. This will provide the opportunity for both rugby and football to be played under floodlights and optimise the use of our resources.

Cumbræ

Cumbræ continues to provide a wide range of training opportunities and experiences across sailing and paddle sports. In addition, the staff have continued to share their expertise across the sector by supporting a wide range of events, conferences and instructor training. The staff team are recognised within the sector and are utilised by the national governing bodies to influence the development of the sports. Cumbræ also offers a varied schools and education programme providing young people with on the water experiences through residential stays. During the season the Cumbræ team supports the delivery of the Inverclyde Schools Programme through day visits.

Cumbræ has continued to operate through a current business review which has been challenging for all staff members. Through a number of facilitated discussions, the staff recognise the challenges in the current operation however have found it difficult to identify changes to enhance the business. Participation days reduced from 9,555 to 8,530 with occupancy also falling by 5% to 24%. Feedback from customers remained consistently high with 97% highlighting their experience as excellent and 98% highlighting that their instruction was excellent. Income decreased by £54k to £587k with strict controls on expenditure.

A review of the sales and marketing approach was undertaken with a reduction on course dates by around 30% to reflect the number of cancelled courses through the year. Course pricing was reviewed to reflect increased course delivery costs and reflect market conditions. Course marketing was moved to a digital format to modernise the approach and increase digital exposure via e-newsletters, PPC and social media campaigns. This reflects specific trends which require us to market to a new customer base. The centre was represented at a number of exhibitions including the Scottish Cycling, Running and Outdoor Pursuits Event for the first time.

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, 2,573 (3169) students attended brochured training courses, with additional tailor-made training delivered to 1,112 (1378) students during 2018-19. Our training skills videos continue to average 60,000 views per month, which compliments a significant output of around 40 articles and editorials, with a collective reach of 2.4 million to support participation and progression.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

Achievements and performance (continued)

sportscotland continues to invest in Glenmore Lodge as a strategic venue for outdoor and adventure sport. Its facilities support a number of governing bodies and individuals, 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 2018-19 3,040 (3,878) people attended an event hosted at Glenmore Lodge in relation to their sport or outdoor agenda, and our onsite facilities supported 5,657 visits from other users. Our operation also supported 14 young interns to progress and develop future careers in outdoor and adventure sport.

Room occupancy levels averaged 58% (61%) during 2018-19 and brochure training course fill rates averaged 70% (75%) with a continued business trend towards more bespoke training. A capital investment programme, funded by sportscotland has delivered high speed broadband (to be completed 2019/20), accessible public toilets and additional resilience and capacity for the centre heating system.

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 April) and remains the mountain publics' default source of avalanche awareness information. During 2018-19 the service received 1 million views of key information, via the services forecast or mountain conditions blog, directly supporting participation in Scotland's winter mountains. sportscotland also directly funded the Mountain Weather Information Service to deliver Scottish mountain forecasts (4.8 million views) to further support taking part in our mountains.

Financial review

Financial summary

The deficit of the Trust Company for the year amounted to £998k (2018: £459k). Funding of £3,334k (2018: £3,415k) was received from sportscotland, with a further £3,751k (2018: £3,388k) being generated from the Trust Company's charitable activities and £152k (2018: £165k) from other trading activities. The Trust Company received £490k (2018: £379k) of donated assets from sportscotland, comprising capital project spend at Inverclyde and Glenmore Lodge.

At 31 March 2019 the Trust Company has net current liabilities of £684k (2018: net current liabilities of £3k). Current creditors includes £656k (2018: £631k) of deferred income. This is income received that has been deferred until the Trust Company has earned the income. This income will be released to the Statement of Financial Activities in future years and doesn't represent a future liability for the Trust Company (unless the Trust Company does not perform the service required to earn the income, which is not expected to occur). Excluding deferred income, the Trust Company has net current liabilities of £28k (2018: net current assets £628k).

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.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

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 operation of the PSF finance system has continued to deliver efficiencies through reduced paperwork, process timescales and resource requirement. The booking system used at Glenmore Lodge has been rolled out to Inverclyde and Cumbrae and this has led 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.

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
- a significant adverse event involving a member of staff or participant on a training course.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

Funds policy

The Trust Company has both restricted and unrestricted funds.

Restricted funds

A restricted reserve was created in a 2015 arising from a donation for a new 3G pitch facility at Inverclyde. In the prior year further donation of £650k for the relocation of the golf facility at Inverclyde was added to this reserve. The reserve at the year end amounts to £44k (2018: £263k).

Unrestricted funds

The unrestricted funds are available for use in the furtherance of the Trust Company's objectives. The balance at 31 March 2019 is £20,535k (2018: £21,840k).

The Trust Company is funded by income from its charitable and 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 achievement and performance section above.

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 the Scottish Government.

Plans for future periods

With increasing emphasis on outdoor activity and adventure sport in its Corporate Strategy, **sportscotland** will continue to develop the offering of its 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.

Inverclyde will continue to build on its established customer base and develop business to utilise its facilities throughout the year. The installation of a floodlit 3G rugby and football pitch and the completion of the Golf facility will enhance its offering. The Centre will also continue to develop the wider outdoor areas of the estate to allow for further activities beyond the traditional sports centre activities

In the year ahead Cumbrae will finalise its business review and work with partners to confirm the future focus of its activities.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

Plans for future periods (continued)

Glenmore Lodge will continue to develop and maintain a comprehensive range of training courses and opportunities to impact participation and progression in outdoor and adventure sport. It will maintain and develop the facilities to ensure it remains fit for purpose and in particular, maximise the benefits of its location to support healthy, active lives. It will, along with SAIS, remain a source of expert knowledge and information to support participation and progression. Its equalities and inclusion work will continue as both an integrated and parallel work stream, aiming to create real and meaningful impact.

With ongoing investment from **sportscotland** the Trust Company will continue to ensure the National Centres help contribute to the development of an active 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.

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 the Directors 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**.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

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.

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 2018/19 financial year is detailed below:

Frances R Wood (Chair)

Kirsty Garrett

Pamela Woodman

Kay Morrison (from 18 June 2018)

Dilawer Singh MBE (from 18 June 2018)

The Audit Committee and the Trust Company Board receive periodic reports from the Internal Auditor for **sportscotland** when these relate to the Trust Company. **sportscotland** utilises a professional firm of accountants, BDO LLP, as its internal auditor, 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 benefits 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:

<https://sportscotland.org.uk/about-us/who-we-are/trust-company-board/>

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.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

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.

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 Trust 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

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

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
Auditor:	Scott-Moncrieff 25 Bothwell Street Glasgow G2 6NL	Actuaries:	Hymans Robertson LLP 221 West George Street Glasgow G2 2ND

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:

Frances R Wood	(Chair)
Margaret Duncan	(resigned 20 April 2018)
Pamela Woodman	
Kay Morrison	
David Rhoney	
Dilawer Singh MBE	
Jane Booth (nee Walters)	
Kelsey Blemings	(resigned 21 April 2019)
Kirsty Garrett	
Jane Kerr	(resigned 20 April 2018)
Susie Sandilands	(appointed 9 August 2018)

The current Secretary of the Trust Company is Christopher Knudsen, (who replaced Micheila West on 7 February 2019).

The day-to-day management of the Trust Company is delegated by the Directors to the Principal of Glenmore Lodge and the Head of Centre for Inverclyde and Cumbrae as follows:

Shaun Roberts	Glenmore Lodge
Barry Fleeting	Inverclyde and Cumbrae

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT)

Statement of the Directors' responsibilities

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

Charity and company law require 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 applicable law and United Kingdom Accounting Standards including Financial Reporting Standards 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). 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 of the Trust Company and of its income and expenditure 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

Disclosure of information to the auditor

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



Frances R Wood
Chair

8 August 2019

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE SCOTTISH SPORTS COUNCIL TRUST COMPANY FOR THE YEAR ENDED 31 MARCH 2019

Opinion

We have audited the financial statements of The Scottish Sports Council Trust Company (the charitable company) for the year ended 31 March 2019 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 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE SCOTTISH SPORTS COUNCIL TRUST COMPANY FOR THE YEAR ENDED 31 MARCH 2019

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 Directors' Report (incorporating the Strategic Report).

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

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

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE SCOTTISH SPORTS COUNCIL TRUST COMPANY FOR THE YEAR ENDED 31 MARCH 2019

Responsibilities of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF THE SCOTTISH SPORTS COUNCIL TRUST COMPANY FOR THE YEAR ENDED 31 MARCH 2019

Use of our report

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

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

Scott-Moncrieff

James McBride

Senior Statutory Auditor

For and on behalf of Scott-Moncrieff, Statutory Auditor

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

Chartered Accountants

25 Bothwell Street

Glasgow

G2 6NL

Date: 8 AUGUST 2019

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME & EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2019

	Note	Unrestricted funds £000	Restricted funds £000	Total 2019 £000	Total 2018 £000
Income from					
Donations and legacies	5	3,354	490	3,844	3,794
Income from other trading activities	5	152	-	152	165
Charitable activities	5	3,751	-	3,751	3,388
Investment income	5	-	-	-	2
Total income		7,257	490	7,747	7,349
Expenditure on					
Expenditure on raising funds	7	(438)	-	(438)	(388)
Charitable activities	7	(8,307)	-	(8,307)	(7,420)
Total expenditure		(8,745)	-	(8,745)	(7,808)
Net (expenditure)/income		(1,488)	490	(998)	(459)
Transfers between funds		709	(709)	-	-
Net (expenditure)/income before other recognised gains and losses		(779)	(219)	(998)	(459)
Other recognised gains					
Actuarial gain/(loss) on defined benefit pension schemes	18	(526)	-	(526)	2,099
Net movement in funds	9	(1,305)	(219)	(1,524)	1,640
Total funds at 1 April 2018	19,20	21,840	263	22,103	20,463
Total funds at 31 March 2019	19,20	20,535	44	20,579	22,103

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

BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
Fixed assets			
Property, plant & equipment	10	25,294	25,183
Intangible assets	11	-	17
		<u>25,294</u>	<u>25,200</u>
Current assets			
Stocks	12	29	161
Debtors	13	153	701
Cash at bank and in hand	14	342	283
		<u>524</u>	<u>1,145</u>
Creditors: amounts falling due within one year	15	<u>(1,208)</u>	<u>(1,148)</u>
Net current liabilities		<u>(684)</u>	<u>(3)</u>
Creditors: amounts falling due after more than one year	16	<u>(1,636)</u>	<u>(1,818)</u>
Net assets excluding pension liability		22,974	23,379
Pension liability	18	<u>(2,395)</u>	<u>(1,276)</u>
Net assets		<u>20,579</u>	<u>22,103</u>
Funds			
Restricted funds	19	44	263
Unrestricted funds	19	20,535	21,840
	20	<u>20,579</u>	<u>22,103</u>

The financial statements were authorised for issue by the Board of Directors on 8 August 2019 and were signed on its behalf by:



Frances R Wood, Chair

Registered Number SC137068

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

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net expenditure		(998)	(459)
Depreciation		604	576
Amortisation		17	5
Loss on sale of tangible fixed assets		-	7
Interest received		-	(2)
Decrease in stock		132	4
Decrease/(increase) in debtors		548	(2)
Decrease in creditors		(122)	(189)
Net return on pension scheme		593	437
Net cash provided by operating activities		<u>774</u>	<u>377</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(715)	(550)
Interest received		-	2
Net cash used in investing activities		<u>(715)</u>	<u>(548)</u>
Increase/(decrease) in cash in the year		59	(171)
Cash and cash equivalents at 1 April	14	283	454
Cash and cash equivalents at 31 March	14	<u>342</u>	<u>283</u>

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 2019

1. General Information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the Trust Company's transactions are denominated. They comprise the financial statements of the Trust Company.

The principal activity of the Trust Company is to operate the National Sports Centres at Glenmore Lodge, near Aviemore, Inverclyde, at Largs and Great Cumbrae.

The Trust Company is a private company limited by guarantee, incorporated in the United Kingdom and registered in Scotland. It is recognised as a charitable company for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC020175. Details of the registered office and company registration number can be found in the Directors' Report (incorporating the Strategic Report).

2. 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 are prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accountancy 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charitable 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.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires Directors to exercise their judgement in the process of applying the accounting policies (see note 3).

(b) Going concern

The financial statements have been prepared on the basis of accounting policies that are consistent with the treatment of the Trust Company as a going concern. **sportscotland** will support the Trust Company to the extent needed. The Trust 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 is confident that the parent undertaking is able to support the Trust Company for the next 12 months from the signing date of these financial statements.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

(c) Income and expenditure recognition policy (continued)

Income

All income is included in the Statement of Financial Activities when the Trust Company is entitled to the income, it is probable that the income will be received and the amount can be measured reliably. The following specific policies are applied to particular categories of income:-

- Donation and legacy income is received by way of grants, donations and legacies and is included in the Statement of Financial Activities when the Trust Company becomes entitled to the funds, it is probable that the income will be received and the amount can be measured reliably;
- Income from charitable activities is accounted for when earned, it is probable that the income will be received and the amounts can be measured reliably;
- Income from other trading activities is accounted for when earned;
- Investment income is recognised when receivable and the amount can be measured reliably; and
- Other income is recognised when the Trust Company is entitled to the income and the amount can be measured reliably.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. As no system exists to directly attribute costs between charitable activities expenditure and raising funds expenditure an estimate is made each year based on activity. Expenditure comprises:

- Cost of raising funds expenditure comprises the costs associated with attracting income;
- Charitable activities expenditure comprises those costs incurred by the Trust Company in the delivery of its activities for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them; and
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Trust Company and comprise the audit fee only.

All costs (including support costs) relating to a particular activity are allocated directly.

(d) Value added tax

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

(e) 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). Both are defined benefit pension schemes.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

(e) Post-retirement benefits (continued)

STSS

The assets of the scheme are held separately from those of the Trust Company. The Trust 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 Statement of Financial Activities 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 Trust 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 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.

(f) Leases

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

(g) Fixed assets and depreciation

Individual fixed assets costing £2,000 or more are capitalised at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Freehold land and buildings are carried at fair value at the date of the revaluation plus any subsequent additions at cost less any subsequent accumulated depreciation and impairment losses. Revaluations are undertaken with sufficient regularity, at least every 5 years, to ensure the carrying amount does not differ materially from that which would be determined using the fair value at the Balance Sheet date. Fair values are determined from market based evidence normally undertaken by third party professional qualified valuers.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

(g) Fixed assets and depreciation (continued)

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

Freehold buildings	50 years
Fixtures and fittings	5 years
Equipment (general and computing)	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.

Intangible assets comprise the cost of software capitalised.

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.

(h) Stocks

General stocks are stated at the lower of cost and net realisable value, which is based on estimated selling price. Costs of producing free issue publications are written off in the year of purchase.

(i) Debtors

Short term debtors are measured at transaction price, less any impairment.

(j) Cash and cash equivalents

Cash and cash equivalents include cash and short term highly liquid deposits with a short maturity of twelve months or less from the date of opening of the deposit or similar account.

(k) Creditors

Short term trade creditors are measured at transaction price.

(l) Financial instruments

The Trust Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors and amounts owed from the parent undertaking. Basic financial instruments that are payable or receivable within one year are initially and subsequently measured at the undiscounted amount of cash expected to be paid or received. Debt instruments payable or receivable after more than one year are initially measured at the net present value of the future cashflows and subsequently at amortised cost using the effective interest method.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

(m) Fund accounting

Restricted funds are to be issued for specified purposes laid down by the donor. Expenditure for these purposes is charged to the fund.

Unrestricted funds are donations and other income sources received or generated in the furtherance of the general objectives of the company.

3. Judgements in applying policies and key sources of estimates uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of 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 each estimate.

The directors are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate

Basis of estimation

Depreciation & amortisation of fixed assets

Fixed assets are depreciated and amortised over the useful life of the asset. The useful lives of fixed assets are based on the knowledge of senior management, with reference to assets expected life cycle.

Bad debt provision

Trade debtors are reviewed by appropriately experienced senior management at each Centre on a case by case basis with the balance outstanding and ageing of debtor taken into consideration.

The obligations under the Strathclyde Pension Scheme

The actuarial assumptions are prepared by a qualified actuary. The Directors review these assumptions to ensure they are reasonable.

Valuations used for freehold land and buildings

Freehold land and buildings were valued by an appropriately qualified surveyor using market data at the valuation date.

Allocation of expenditure between activities

Expenditure is allocated between expenditure on raising funds and charitable activities. The split is 5% to raising funds and 95% to charitable activities.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4. Comparative Statement of Financial Activities (incorporating the Income and Expenditure Account)

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000
Income from			
Donations and legacies	3,415	379	3,794
Income from other trading activities	165	-	165
Charitable activities	3,388	-	3,388
Investment income	2	-	2
Other income	-	-	-
Total income	6,970	379	7,349
Expenditure on			
Expenditure on raising funds	(388)	-	(388)
Charitable activities	(7,420)	-	(7,420)
Total expenditure	(7,808)	-	(7,808)
Net (expenditure)/income	(838)	379	(459)
Transfers between funds	718	(718)	-
Net (expenditure)/income before other recognised gains and losses	(120)	(339)	(459)
Other recognised gains			
Gain on revaluation of assets	-	-	-
Actuarial gain/(loss) on defined benefit pension schemes	2,099	-	2,099
Net movement in funds	1,979	(339)	1,640

All the results for the year are derived from continuing operations.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. Income

Donations and legacies

	Unrestricted funds	Restricted funds	Total £000
2019			
Funding from sportscotland	3,334	-	3,334
Assets donated by sportscotland	-	490	490
Other donations	20	-	20
	<u>3,354</u>	<u>490</u>	<u>3,844</u>
2018			
Funding from sportscotland	3,415	-	3,415
Assets donated by sportscotland	-	379	379
	<u>3,415</u>	<u>379</u>	<u>3,794</u>

Income from other trading activities

	Inverclyde £000	Cumbrae £000	Glenmore Lodge £000	Total £000
2019				
Staff meals and accommodation	45	7	28	80
Other income	4	26	42	72
	<u>49</u>	<u>33</u>	<u>70</u>	<u>152</u>
2018				
Staff meals and accommodation	56	8	27	91
Other income	6	27	41	74
	<u>62</u>	<u>35</u>	<u>68</u>	<u>165</u>

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5. Income (continued)

Charitable activities

2019	Inverclyde £000	Cumbrae £000	Glenmore	Total £000
			Lodge £000	
Course fees	846	486	993	2,325
Hires, sales & hospitality	532	67	645	1,244
Facilities hire North Ayrshire Council	182	-	-	182
	<u>1,560</u>	<u>553</u>	<u>1,638</u>	<u>3,751</u>

2018	Inverclyde £000	Cumbrae £000	Glenmore	Total £000
			Lodge £000	
Course fees	588	543	1,080	2,211
Hires, sales & hospitality	459	61	657	1,177
	<u>1,047</u>	<u>604</u>	<u>1,737</u>	<u>3,388</u>

Investment income

	2019 £000	2018 £000
Interest received	<u>-</u>	<u>2</u>

Funding from sportscotland

During the period funding of £3,334k (2018: £3,415k) was received from sportscotland. sportscotland intends to continue to provide financial support to the Trust Company subject only to the availability of funding from the Scottish Government.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

6. Employees

Total staff costs comprise:

	2019	2018
	£000	£000
Wages and salaries	3,162	2,965
Social security costs	271	260
Pension costs	1,087	853
	<u>4,520</u>	<u>4,078</u>

The pension costs include £559k (2018: £353k) of a charge as a result of the annual Strathclyde pension valuation (see note 17).

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

	2019	2018
	Number	Number
Inverclyde and Cumbrae	85	83
Glenmore Lodge	61	60
	<u>146</u>	<u>143</u>

All employment contracts are with **sportscotland** and the relevant amounts charged to the Trust Company.

Number of employees with emoluments over £60,000:-

	2019	2018
	Number	Number
£60,000 - £69,999	1	1
£70,000 - £79,999	-	1

The pension contributions for employees earning over £60,000 were:-

	2019	2018
	£000	£000
Pension contributions	<u>12</u>	<u>17</u>

No emoluments were paid to Directors in either year.

Key management personnel comprise of the Principal and Head of Centre.

The emoluments of key management (excluding pension contributions and including benefits in kind) for the year were £126k (2018: £176k). The employers' NI contributions for the year were £14k (2018: £17k). Their pension contributions for the year were £23k (2018: £24k).

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7. Expenditure

2019	Inverclyde £000	Cumbrae £000	Glenmore Lodge £000	Total £000
Raising funds				
Staff costs	84	49	93	226
Outside catering costs	36	10	12	58
Operating lease rentals	1	-	1	2
Support costs:				
Administration	10	4	9	23
Training	6	6	48	60
Disallowed VAT	5	-	3	8
Household	4	-	1	5
Establishment	14	3	8	25
Depreciation and amortisation	21	5	5	31
	<u>181</u>	<u>77</u>	<u>180</u>	<u>438</u>

2019	Inverclyde £000	Cumbrae £000	Glenmore Lodge £000	Total £000
Charitable activities				
Staff costs	1,601	924	1,769	4,294
Outside catering costs	684	195	233	1,112
Operating lease rentals	10	1	28	39
Support costs:				
Administration	173	76	144	393
Training	109	109	902	1,120
Disallowed VAT	97	-	65	162
Household	75	-	24	99
Establishment	270	64	154	488
Depreciation and amortisation	397	107	86	590
Loss on sale	-	-	-	-
Governance costs	4	2	4	10
	<u>3,420</u>	<u>1,478</u>	<u>3,409</u>	<u>8,307</u>

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2018	Inverclyde £000	Cumbrae £000	Glenmore Lodge £000	Total £000
Raising funds				
Staff costs	81	37	85	203
Outside catering costs	25	11	13	49
Operating lease rentals	1	1	1	3
Support costs:				
Administration	6	1	3	10
Training	5	8	47	60
Disallowed VAT	5	-	4	9
Household	4	-	1	5
Establishment	11	4	5	20
Depreciation and amortisation	20	5	4	29
	158	67	163	388

2018	Inverclyde £000	Cumbrae £000	Glenmore Lodge £000	Total £000
Charitable activities				
Staff costs	1,534	710	1,624	3,868
Outside catering costs	485	214	241	940
Operating lease rentals	8	3	25	36
Support costs:				
Administration	113	19	59	191
Training	103	146	784	1,033
Disallowed VAT	102	-	68	170
Household	81	-	29	110
Establishment	216	81	201	498
Depreciation and amortisation	384	98	70	552
Loss on sale	7	-	-	7
Governance costs	6	3	6	15
	3,039	1,274	3,107	7,420

As no system exists to directly attribute costs between charitable activities expenditure and raising funds expenditure an estimate is made each year based on activity. For the year to 31 March 2019 the split was 95% charitable and 5% income generating (2018: 95% charitable and 5% income generation).

The Charitable Company was charged a management charge of £317k by sportscotland in the year. This has been allocated as £10k governance costs, £15k as expenditure on raising funds - administration expenses and £292k as expenditure on charitable activities – administration expenses. There was no management charge in 2017/18.

Each centre is operated as a separate cost centre within the Trust Company. Support costs are allocated to the centre that incurred the cost.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. Governance costs

	2019	2018
	£000	£000
Audit fee	10	15

9. Net movement in funds

Net movement in funds are stated after charging:

	2019	2018
	£000	£000
Amortisation	17	5
Depreciation	604	576
Auditor's remuneration – audit fee	10	15
Operating lease rentals	41	39
Loss on disposal of fixed assets	-	7

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Tangible fixed assets

	Freehold land and buildings £000	Assets under construction £000	Fixtures & fittings £000	Equipment £000	Motor vehicles £000	Total £000
Cost/valuation						
At 1 April 2018	25,121	313	75	1,135	93	26,737
Additions	578	76	-	-	61	715
Disposals	-	-	-	(33)	(6)	(39)
At 31 March 2019	25,699	389	75	1,102	148	27,413
Accumulated depreciation						
At 1 April 2018	(465)	-	(75)	(926)	(88)	(1,554)
Charge for year	(478)	-	-	(122)	(4)	(604)
Disposals	-	-	-	33	6	39
At 31 March 2019	(943)	-	(75)	(1,015)	(86)	(2,119)
Net book value						
At 31 March 2019	24,756	389	-	87	62	25,294
At 31 March 2018	24,656	313	-	209	5	25,183

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.

Grants made to sportscotland after 1 April 1992 and subsequently by sportscotland to the Trust 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 sales proceeds to the Exchequer) in the event of disposal or change in use.

If fixed assets had not been revalued they would be included at a capitalised value of £29,314k with aggregate depreciation thereon of £6,191k (2018: £28,638k and £5,626k).

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11. Intangible fixed assets

	Software £000
Cost	
At 1 April 2018 and 31 March 2019	74
Amortisation	
At 1 April 2018	(57)
Charge for year	(17)
At 31 March 2019	(74)
Net Book Value	
At 31 March 2019	-
At 31 March 2018	17

12. Stocks

	2019 £000	2018 £000
Goods held for resale	21	20
Consumable stores	8	141
	<u>29</u>	<u>161</u>

13. Debtors

	2019 £000	2018 £000
Trade debtors	88	77
Amounts owed from the parent undertaking	-	587
Prepayments	65	37
	<u>153</u>	<u>701</u>

Trade debtors is shown net of the bad debts provision of £29k (2018: £nil). Movements in the bad debts provision are included within support costs.

14. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	342	283

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	238	292
Other taxation and social security	-	3
Amounts owed to the parent undertaking	185	-
Accruals	129	222
Deferred income	656	631
	<u>1,208</u>	<u>1,148</u>

16. Creditors: amounts falling due after more one year

	2019	2018
	£000	£000
Deferred income	1,636	1,818
	<u>1,636</u>	<u>1,818</u>

Movements in deferred income during the year are as follows:

	2019	2018
	£000	£000
At 1 April 2018	2,449	2,354
Released in the year	(631)	(354)
Deferred in the year	474	449
At 31 March 2019	<u>2,292</u>	<u>2,449</u>

Income is deferred when it relates to courses which are due to be run after the year end and income relating to a service level agreement that has not commenced by the year end.

Deferred income will be released to the Statement of Financial Activities when the Trust Company has earned the income. £908k (2018: £1,090k) of the deferred income will be released after 5 years (in line with the length of the service agreement).

Included in income from charitable activities is a release of deferred income of £631k (2018: £354k).

17. Financial instruments

	2019	2018
	£000	£000
Financial assets		
Cash and cash equivalents	342	283
Financial assets measured at amortised cost	88	664
	<u>430</u>	<u>947</u>
Financial liabilities		
Financial liabilities measured at amortised cost	552	514
	<u>552</u>	<u>514</u>

Financial assets measured at amortised cost comprise trade debtors and amounts owed from the parent undertaking.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and amounts owed to the parent undertaking.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18. Pension and Similar Obligations

All members of staff have the option of joining the Strathclyde Pension Fund (SPF). The scheme is a defined benefit scheme and the Company contributes 19.3% (2018: 19.3%) to the scheme. Employee contributions are a fixed percentage based on gross salary. The charge in the financial statements reflects the costs incurred by the Company during the year for the SPF £528k (2018: £500k).

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 2017.

The Strathclyde Pension Fund

The Company operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2017 by a qualified independent actuary. The Company has accounted for the defined benefit scheme using the interim valuation updated to 31 March 2019.

The major assumptions used by the actuary were:

	31 March 2019	31 March 2018
Rate of increase in salaries	3.6%	3.5%
Rate of increase in pensions in payment and deferred pensions	2.4%	2.3%
Discount rate applied to scheme liabilities	2.5%	2.7%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI2016 model with an allowance for smoothing of recent mortality experiences and long term rates of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.4 years	23.7 years
Future pensioners	23.4 years	25.8 years

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2019:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	14%	2,114
0.5% increase in the Salary Increase Rate	3%	454
0.5% increase in the Pension Increase Rate (CPI)	10%	1,614

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18. Pension and Similar Obligations (continued)

Scheme Assets

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

	% of Scheme assets	Value at 31 March 2019 £000	% of Scheme assets	Value at 31 March 2018 £000
Equities	64%	8,482	70%	8,329
Bonds	24%	3,181	18%	2,142
Property	10%	1,325	11%	1,309
Cash	2%	265	1%	119
Total		13,253		11,899
Present value of scheme liabilities		<u>(15,648)</u>		<u>(13,175)</u>
Net pension liability		<u>(2,395)</u>		<u>(1,276)</u>

The asset values at 31 March 2019 and 2018 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.

Analysis of amounts charged to net (expenditure)/income:

	2019 £000	2018 £000
Amounts included in salary costs		
Current service cost	(778)	(783)
Past service cost	(188)	-
Contributions by the employer	407	430
	<u>(559)</u>	<u>(353)</u>
Amounts included in finance costs:		
Expected return on pension scheme assets	332	301
Interest on pension scheme liabilities	(366)	(385)
Net return	<u>(34)</u>	<u>(84)</u>

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18. Pension and Similar Obligations (continued)

Analysis of amounts included in other recognised gains and losses:

	2019	2018
	£000	£000
Other experience	-	933
Actual return less expected return on scheme assets	609	203
Changes in assumptions underlying the present value of scheme liabilities	(1,135)	963
Actuarial gain/(loss) recognised in the Statement of Financial Activities	<u>(526)</u>	<u>2,099</u>

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

	2019	2018
	£000	£000
Opening defined benefit obligation	13,175	13,858
Current service cost	778	783
Past service cost	188	-
Interest cost	366	385
Contributions by members	143	148
Actuarial (gains)/losses	1,135	(1,896)
Estimated benefits paid	(137)	(103)
Closing defined benefit obligation	<u>15,648</u>	<u>13,175</u>

The estimated value of employer's contributions for the year to 31 March 2020 will be £407k.

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

	2019	2018
	£000	£000
Opening fair value of employer's assets	11,899	10,920
Expected return on assets	332	301
Contributions by members	143	148
Contributions by the employer	407	430
Actuarial gains	609	203
Estimated benefits paid	(137)	(103)
Closing fair value of employer's assets	<u>13,253</u>	<u>11,899</u>
Net pension liability	<u>(2,395)</u>	<u>(1,276)</u>

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18. Pension and Similar Obligations (continued)

History of Experience Gains and Losses

	Value at 31 March 2019 £000	Value at 31 March 2018 £000	Value at 31 March 2017 £000	Value at 31 March 2016 £000	Value at 31 March 2015 £000
Difference between the expected and actual return on assets	609	203	1,701	(57)	235
Value of assets	13,253	11,899	10,920	8,450	7,865
Percentage of assets	4.6%	1.7%	15.6%	(0.7%)	3.0%
Experience gains on liabilities	-	933	-	78	340
Total present value of liabilities	15,648	13,175	13,858	9,572	10,180
Percentage of the total present value of liabilities	0.0%	7.1%	0.0%	1.0%	3.3%
Actuarial gains/(losses) recognised in the Statement of Financial Activities for the year	(526)	2,099	(1,670)	1,466	(959)
Total present value of liabilities	15,648	13,175	13,858	9,572	10,180
Percentage of the total present value of liabilities	(3.4)%	15.9%	(12.1)%	15.3%	(9.4)%

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

19. Funds

2019	At 1 April 2018 £000s	Income and endowments £000s	Expenditure £000s	Transfers £000s	Other recognised gains £000s	At 31 March 2019 £000s
Restricted funds						
Project fund	263	-	-	(219)	-	44
Capital contribution fund	-	490	-	(490)	-	-
	263	490	-	(709)	-	44
Unrestricted funds						
General fund	21,840	7,257	(8,745)	709	(526)	20,535
Total funds	22,103	7,747	(8,745)	-	(526)	20,579
2018	Restated At 1 April 2017 £000s	Income and endowments £000s	Expenditure £000s	Transfers £000s	Other recognised gains £000s	At 31 March 2018 £000s
Restricted funds						
Project fund	602	-	-	(339)	-	263
Capital contribution fund	-	379	-	(379)	-	-
	602	379	-	(718)	-	263
Unrestricted funds						
General fund	19,861	6,970	(7,808)	718	2,099	21,840
Total funds	20,463	7,349	(7,808)	-	2,099	22,103

Restricted funds

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 in 2017 from North Ayrshire Council, via sportscotland, in connection with the relocation of the golf facility at Inverclyde. The project fund is reduced as expenditure is incurred on the respective projects. Expenditure on this project to 31 March 2019 amounted to £2,044k (2018: £1,825k) leaving a balance of £44k (2018: £263k) as at 31 March 2019.

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

20. Analysis of net assets between funds

Fund balances at 31 March 2019 are represented by:	Unrestricted funds £000	Restricted funds £000	Total funds £000
Fixed assets	25,294	-	25,294
Current assets	480	44	524
Current liabilities	(1,208)	-	(1,208)
Non-current liabilities	(1,636)	-	(1,636)
Pension liability	(2,395)	-	(2,395)
Net assets	20,535	44	20,579

Fund balances at 31 March 2018 are represented by:	Unrestricted funds £000	Restricted funds £000	Total funds £000
Fixed assets	25,200	-	25,200
Current assets	882	263	1,145
Current liabilities	(1,148)	-	(1,148)
Non-current liabilities	(1,818)	-	(1,818)
Pension liability	(1,276)	-	(1,276)
Net assets	21,840	263	22,103

21. Capital commitments

	2019 £000	2018 £000
Committed, not provided	223	246

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. Company status and related parties

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

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

sportscotland is the national agency for sport in Scotland.

The Directors of the Trust Company and their associated organisations during the year to 31 March 2019 are detailed below:

Frances R Wood	sportscotland Ordinary Member of First Tier Tribunal for Scotland (Housing and Property Chamber) Linlithgow Athletic Club Linlithgow Golf Club City of Edinburgh Council Aberdeen Standard Life
Margaret Duncan	Scottish Canoe Association – Trustee H2O Outdoors – Trustee
Jane Kerr	Jane Kerr Projects Limited
Kelsey Blemings	England Netball
Kirsty Garrett	Culture and Sport Glasgow, trading as Glasgow Life
Kay Morrison	Aberdeenshire Council New Lanarkshire Diabetes Family Support Group Falkirk Community Trust
David Rhoney	Help for Heroes Scottish Disability Sport NHS Lanarkshire
Dilawer Singh MBE	Culture and Sport Glasgow, trading as Glasgow Life Scottish Ethnic Minority Sports Association Sports Council for Glasgow Punjabi Sahit Sabha British Airways GlaxoSmithKline BT Group
Pamela Woodman	LTA Services Limited Scottish Ministers Scottish Rugby Discipline Panel
Jane Booth	Opus 29 Consultancy Stirling Council Loch Lomond and Trossachs National Park
Susie Sandilands	sportscotland BBC Scotland BBC

THE SCOTTISH SPORTS COUNCIL TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. Company status and related parties (continued)

The results of the Trust 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.

23. Commitments under operating leases

At 31 March 2019 the Trust Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£000	£000
Not later than 1 year	53	37
Later than 1 year and not later than 5 years	121	90
	<u>174</u>	<u>127</u>

24. Contingent liability

Guaranteed Minimum Pension (GMP) is the minimum pension which an occupational pension scheme in the UK has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS). Both pension scheme members and sponsoring employers paid lower National Insurance contributions at the time of accrual given the lower benefits being accrued for the member by the state. Women can currently receive their GMP benefits at age 60 compared to age 65 for men. GMP also accrued at a faster rate for women than men.

Historically some defined benefit schemes had different retirement ages for men and women. Therefore schemes are required to "equalise" pension ages and overall benefit scales between males and females. The Scheme actuary is therefore required to estimate the impact of GMP and include an allowance for the increase in calculated liabilities.

The impact of GMP equalisation for the Charitable Company is currently uncertain and the scheme actuaries will perform the calculation in 2019/20.