



LIVE ACTIVE LEISURE LTD

ANNUAL REPORT

2013/2014

CONTENTS

| | PAGE |
|--|-------------|
| Chairman's Statement | 3 |
| Reference Information | 4 |
| Directors' Report | 5 |
| Independent Auditor Report | 11 |
| Consolidated Statement of Financial Activities (incorporating the Income & Expenditure Account) | 13 |
| Consolidated and Charity Balance Sheets | 15 |
| Consolidated Cash Flow Statement | 17 |
| Notes to the Financial Statements | 18 |

CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report on the operation of Live Active Leisure Limited for the Financial Year to 31 March 2014.

The Company has enjoyed another successful year despite increased evidence of economic challenges.

As Chairman, I would like to record my appreciation of the effort and dedication of all Company employees and of course my fellow Directors on the Board of Live Active Leisure, all of whom contribute in no small way to successes enjoyed and the preparedness to face the undoubted challenges ahead.

The Company has achieved a great deal during the year, and has again demonstrated that it is a most effective and efficient organisation through which a wide and complex range of facilities are developed and managed, and high quality services delivered. Live Active Leisure does so entirely on a 'not for profit' basis that sees the communities and economy of Perth and Kinross being the direct beneficiaries.

The increasingly challenging economic climate is significant for the Company, both in terms of customer spending priorities and also the decreasing contract funding available from public sector client organisations. Typically, the Company has responded positively yet again and has further reduced the proportion of its turnover that results from such contract funding through an increase in both income generation and usage. However, given considerable investment in new venues across neighbouring local authority areas, changes in visitor trends are emerging. Complacency is not an option and I and my fellow Directors recognise that innovative solutions and difficult decisions will be required to address future challenges and these must be driven with our customers at the heart of our business considerations.

Against that backdrop, it is important that I always recognise the vital and beneficial relationship the Company enjoys with a range of individuals and other organisations, especially noteworthy are Perth & Kinross Council, NHS Tayside, The Gannochy Trust and other Sports and Leisure Trusts.

Despite a year full of challenges and opportunities in varying measures, I have no doubt that the Company has again made considerable progress and demonstrated the tremendous benefits that it delivers through its comprehensive and diverse range of sports, leisure and physical activity services. I believe that Live Active Leisure, through ever increasing partnership working, is making a very significant positive impact on the health and wellbeing of people across our communities. The correlation between active lifestyles and improved health is indisputable and I am in no doubt that there is a considerable opportunity for the Company and its partners to be recognised as genuine 'pathfinders' when seeking out innovative solutions, services and business opportunities that are immensely beneficial..

The Company has continued its efforts towards realising its PH₂O project that will deliver significant revenue efficiencies and greatly enhanced 21st century facilities and opportunities to the heart of Perth and Kinross. Equally, the Company commissioned an independent review of service provision and this will be used to inform business and service planning going forward.

The Company's activities continue to play an integral role in enhancing the lives of so many people across Perth and Kinross whilst also acting as an economic stimulus of even greater value during times of such economic challenge. The publication of a Social Return On Investment (SROI) study commissioned by the Company saw an independent assessment of the 'social return' value that the Company delivers on any investment it receives from key client organisations and customers. This provides compelling support that Live Active Leisure represents tremendous value for money and returns social benefits well in excess of the level of investment received.

I believe that exciting but very challenging times lie ahead for sport, leisure, and physical activity and the Company will seek to ensure Perth and Kinross residents enjoy the best possible opportunities in what will be an exciting year of sports events both locally and nationally.

Bill Duncan
Chairman

Dated:

REFERENCE INFORMATION

DIRECTORS

J Angus
G Bannerman
W Duncan – Chairman
K Dunn
J Hunter
M Robinson
L Scarborough – Vice Chair (Resigned 24.4.14)
P Stewart – Vice Chair (Resigned 20.06.13)
D Longmuir (Appointed 28.05.14)
L Hunt (Appointed 28.05.14)
Councillor J Coburn (Resigned 19.06.14)
Councillor G Laing
Councillor H Stewart

COMPANY SECRETARY & CHIEF EXECUTIVE OFFICER

J Moyes

COMPANY NUMBER

Registration No. SC042641

REGISTERED CHARITY NUMBER

Registered Charity No. SC000175

REGISTERED OFFICE

Caledonia House
Hay Street
Perth
PH1 5HS

WEBSITE

www.liveactive.co.uk

AUDITOR

Campbell Dallas LLP
Chartered Accountants & Registered Auditors
4 Atholl Crescent
Perth
PH1 5NG

BANKERS

The Co-Operative Bank
29 Gordon Street
GLASGOW
G1 3PF

SOLICITORS

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

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Incorporates Trustees Report)

ACCOUNTING CONVENTION

The Directors, who are also Trustees of the Company for the purposes of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", submit their annual report and the audited financial statements for the year ended 31 March 2014.

The Directors have adopted the provisions of the Companies Act 2006, the SORP "Accounting and Reporting by Charities" and the Charities Accounts (Scotland) Regulations 2006 in preparing the annual report and financial statements.

OBJECTS OF THE COMPANY

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

ORGANISATION

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

The Directors who served the company during the period were as follows:

J Angus
G Bannerman
W Duncan
K Dunn
J Hunter
M Robinson
L Scarborough (Resigned 24.04.14)
P Stewart (Resigned 20.06.13)
D Longmuir (Appointed 28.05.14)
L Hunt (Appointed 28.05.14)
Councillor J Coburn (Resigned 19.05.14)
Councillor G Laing
Councillor H Stewart

The Company's management structure includes the Chief Executive Officer, J Moyes, who reports to the Chairman and has overall responsibility for the Company's strategic operation and governance.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

LEGAL AND ADMINISTRATIVE INFORMATION

Appointment of Directors

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

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

Selection is by interview.

Appointment of Elected Members

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

Induction and Training of Directors

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

Investment Powers

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

Co-operation with other organisations

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

Employees

The Company's consultative structure includes a Joint Consultative Committee and Health and Safety Committee comprising employee and trade union representatives.

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

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

Policy on Equal Opportunities

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

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

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

Policy on Reserves

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

The Company currently has three designated reserves, the Lifecycle Maintenance Reserve, the PH₂O Reserve (previously Facility Vision Reserve) and the Depreciation Reserve (previously Property Reserve).

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

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

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

The balances on the Reserves as at 31 March 2014 were:

| Health & Inclusion Fund | The Ballechin Fund | Financial Assistance Reserve | Lifecycle Maintenance Reserve | PH ₂ O Reserve | Depreciation Reserve | Pension Reserve | General Reserve |
|-------------------------|--------------------|------------------------------|-------------------------------|---------------------------|----------------------|-----------------|-----------------|
| £47K | £9K | £106K | £1,310K | £5,000K | £12,958K | (£7,536K) | £949K |

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

Policy on Grant Making

The Company applies to the Gannochy Trust for financial assistance to support Sports Coaching Initiatives within the Perth and Kinross area.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

RISK MANAGEMENT

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

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

REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

Live Active Leisure continues to attach great importance to progressing its PH₂O Facility Vision with its 'spend to save' capacity being vital as revenue generation becomes increasingly significant as a result of the extremely challenging economic climate. With existing facilities being challenged by new offerings across neighbouring local authority areas and fast developing activity trends, it is believed to be ever more important that PH₂O is realised to refresh the 'Perth Offer'.

The Company has continued to engage with external partner organisations as part of the formal funding submission activity and the Design Team has enabled the completion of the process to identifying the preferred option. More detailed work continues in respect of specific aspects of the site and facility.

Importantly, a 'Launch Event' was held to engage partners, stakeholders and potential funders and consultation with key groups and individuals commenced and will remain ongoing.

The year has seen the Dewars Centre replacement Ice Plant completed as planned and the venue now meets the requirements that result from the discontinuation of the use of R22 gas. This project was jointly funded between the Company, Perth and Kinross Council and **sportscotland**.

Live Active Leisure Trading, the Company's Trading subsidiary, has become established with its activities making a contribution to the overall service offer and a 'Gift Aid' payment made to Live Active Leisure.

The Company has also met the requirements of changes to Pension Legislation and has become part of the Sporta shared approach which saw the 'Sporta - Live Active Leisure' Pension Scheme provided from the 'Auto-Enrolment' date of 1st November 2013.

The Company has continued its programme of essential investment in a range of facilities and services across the Perth and Kinross area including a number of facility enhancements and essential maintenance and replacement projects including gym refurbishments in Kinross and Blairgowrie, sports hall lighting replacements in Letham, flooring and lighting replacement in the Coaching Hall at Bell's Sports Centre and the essential upgrading of the Health Suite at Perth Leisure Pool.

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

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

Live Active Leisure has continued to deliver positive turnover and admissions against a backdrop of a reducing core contract fee. Despite this challenge, the range of activities delivered by the Company continues to grow and reflects demand, contractual priorities and commercial potential to assist the cross-subsidisation of social provision, thus reducing exposure to risk.

Importantly, once again the Company enjoyed the generous support of the Gannochy Trust in relation to delivering a myriad of Sports Related Initiatives. Additionally, the Company has also successfully attracted partnership funding from, amongst others, NHS Tayside to support the continued delivery of targeted community priority activities.

The Company also commenced discussions with Perth and Kinross Council in respect of the IIL Community Campus Contract reductions that were approved by Council. There is a degree of inevitability that reductions in contract income to the Company will impact directly on services delivered. The Company also commenced discussions with the Council to more closely align the two key contracts to enable more effective business planning.

The challenging period of austerity further supports the importance and delivery of a longer-term contract as it would enable the Company to most effectively plan for and manage the reduced contract fee in a way that minimises the impact on the services most valued by the communities of Perth and Kinross. Progress remains limited as the Local Authority considers the wider funding allocations it anticipates.

It is important to note that the Council has also indicated that it is undertaking a review of commissioning arrangements and the Company will consider any resultant impact. As part of a proactive stance being taken by the Company, it commissioned a Service Proposition Review which will influence considerations of current and future provision and also be presented to the Local Authority to support wider consideration of commissioning and delivery. The Company therefore remains committed to exploring the potential for delivering other sports and leisure services across the Perth and Kinross area where a business and service case can be presented and the achievement of 'added value' can be expected. The 'not for profit' construct of Live Active Leisure is considered to make this an approach that can most effectively serve both partner and community needs.

The Company recognises the employees as its principal asset and welcomes the essential role which dedicated and skilled employees play in its continued success. As a reflection of this, the Company will explore a reward scheme that will recognise those that help the business succeed.

The year has also seen the Company become a Sole Member Organisation with Perth and Kinross Council as the Sole Member. A great deal of consideration was afforded the arrangements in relation to the roles and relationships between the Sole Member and the Company to ensure the continued independence of decision making by the Board and the recruitment of independent Volunteer Directors. Ultimately, in June 2013, the decision was taken that satisfactory arrangements were in place to most effectively protect the services that benefit the communities of Perth and Kinross and Directors formally agreed the Sole Membership changes and the formalities were concluded.

During the remainder of the year the relationship between the Company and Council as Sole Member proved satisfactory.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the Company and of the incoming resources and application of resources, including the income and expenditure, of the Company for the 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 of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the 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 the Charities Accounts (Scotland) Regulations 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditor

In so far as the Directors are aware:

- There is no relevant audit information of which the charitable Company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to re-appoint Campbell Dallas LLP as auditor for the ensuing year will be proposed at the Annual General Meeting.

By order of the Directors:

Bill Duncan
(Chairman)

Date:

INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF LIVE ACTIVE LEISURE LIMITED

We have audited the financial statements of Live Active Leisure Limited for the year ended 31 March 2014 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement 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).

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 charity's directors, as a body, in accordance with section 44(1)(c) of the Charities & Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the Directors 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 FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent income and expenditure, for the year then ended;

**INDEPENDENT AUDITOR REPORT
TO THE MEMBERS OF LIVE ACTIVE LEISURE LIMITED**

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance 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).

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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:

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

NEIL MORRISON (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF CAMPBELL DALLAS LLP
STATUTORY AUDITOR
CAMPBELL DALLAS LLP IS ELIGIBLE TO ACT AS AN AUDITOR IN TERMS OF SECTION
1212 OF THE COMPANIES ACT 2006
4 ATHOLL CRESCENT
PERTH
PH1 5NG

Dated:

**INDEPENDENT AUDITOR REPORT
TO THE MEMBERS OF LIVE ACTIVE LEISURE LIMITED**

**LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
31 MARCH 2014
(Incorporating the Income & Expenditure Account)**

| | Note | Unrestricted Funds £000 | Restricted Funds £000 | 2014 Total £000 | 2013 Total £000 |
|---|------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Incoming Resources | | | | | |
| From Generated Funds: | | | | | |
| Investment Income | 2 | 54 | - | 54 | 80 |
| From Charitable Activities: | | | | | |
| Services to Perth & Kinross Council | | 3,562 | - | 3,562 | 3,648 |
| Operating Activities | | 5,619 | - | 5,619 | 6,032 |
| Grant funding | | 287 | 230 | 517 | 519 |
| | | <u>9,468</u> | <u>230</u> | <u>9,698</u> | 10,199 |
| Other incoming resources | | 1 | - | 1 | 187 |
| Total Incoming Resources | | 9,523 | 230 | 9,753 | 10,466 |
| Resources Expended | | | | | |
| Charitable Activities: | | | | | |
| Operating Activities | 3 | 10,450 | 183 | 10,633 | 10,373 |
| Grants for Sporting & Recreational Purposes | 3 | 40 | 39 | 79 | 78 |
| Governance Costs | 4 | 10 | - | 10 | 16 |
| Total Resources Expended | | <u>10,500</u> | <u>222</u> | <u>10,722</u> | 10,467 |
| Net (Outgoing)/Incoming Resources | | (977) | 8 | (969) | (1) |
| Other Recognised Gains and Losses | | | | | |
| Actuarial Gain/(loss) on Defined Benefit Pension Scheme | 17 | (3,252) | - | (3,252) | 1,276 |
| Gain on Value of Investments | 8 | 312 | - | 312 | - |
| | | <u>(2,940)</u> | <u>-</u> | <u>(2,940)</u> | 1,276 |
| Net Movement in Funds | | (3,917) | 8 | (3,909) | 1,275 |
| Reconciliation of Funds | | | | | |
| Total funds brought forward | | <u>16,598</u> | <u>154</u> | <u>16,752</u> | 15,477 |
| Total funds carried forward | | <u>12,681</u> | <u>162</u> | <u>12,843</u> | 16,752 |

All incoming resources and resources expended derive from continuing activities

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2014
(Incorporating the Income & Expenditure Account)

| | Note | Unrestricted Funds £000 | Restricted Funds £000 | 2014 Total £000 | 2013 Total £000 |
|---|------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Incoming Resources | | | | | |
| From Generated Funds: | | | | | |
| Investment Income | 2 | 54 | - | 54 | 80 |
| From Charitable Activities: | | | | | |
| Services to Perth & Kinross Council | | 3,562 | - | 3,562 | 3,648 |
| Operating Activities | | 5,381 | - | 5,381 | 5,769 |
| Grant funding | | 287 | 230 | 517 | 519 |
| | | 9,230 | 230 | 9,460 | 9,936 |
| Other incoming resources | | 1 | - | 1 | 187 |
| Total Incoming Resources | | 9,285 | 230 | 9,515 | 10,203 |
| Resources Expended | | | | | |
| Charitable Activities: | | | | | |
| Operating Activities | 3 | 10,215 | 183 | 10,398 | 10,112 |
| Grants for Sporting & Recreational Purposes | 3 | 40 | 39 | 79 | 78 |
| Governance Costs | 4 | 7 | - | 7 | 13 |
| Total Resources Expended | | 10,262 | 222 | 10,484 | 10,203 |
| Net (Outgoing)/Incoming Resources | | (977) | 8 | (969) | - |
| Other Recognised Gains and Losses | | | | | |
| Actuarial Gain/(loss) on Defined Benefit | | | | | |
| Pension Scheme | 17 | (3,252) | - | (3,252) | 1,276 |
| Gain on Value of Investments | 8 | 312 | - | 312 | - |
| | | (2,940) | - | (2,940) | 1,276 |
| Net Movement in Funds | | (3,917) | 8 | (3,909) | 1,276 |
| Reconciliation of Funds | | | | | |
| Total funds brought forward | | 16,599 | 154 | 16,753 | 15,477 |
| Total funds carried forward | | 12,682 | 162 | 12,844 | 16,753 |

All incoming resources and resources expended derive from continuing activities.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

| | Notes | 2014 £000 | 2014 £000 | 2013 £000 |
|---|-------|--------------|---------------|---------------|
| Fixed Assets | | | | |
| Tangible Assets | 7 | | 12,959 | 13,265 |
| Investments | 8 | | 1 | - |
| | | | <u>12,960</u> | <u>13,265</u> |
| Current Assets | | | | |
| Stocks | | 40 | | 50 |
| Debtors | 9 | 330 | | 422 |
| Cash in Hand and at Bank | | <u>7,989</u> | | <u>8,272</u> |
| | | | 8,359 | <u>8,744</u> |
| Current Liabilities | | | | |
| Bank Overdraft | | - | | - |
| Creditors (amounts due within 1 year) | 10 | <u>940</u> | | <u>1,161</u> |
| | | | 940 | <u>1,161</u> |
| Net Current Assets | | | | |
| | | | <u>7,419</u> | <u>7,583</u> |
| Total Assets Less Current Liabilities | | | | |
| | | | 20,379 | 20,848 |
| Pension Liability | 17 | | <u>7,536</u> | <u>4,096</u> |
| Net Assets Including Pension Liability | | | | |
| | | | <u>12,843</u> | <u>16,752</u> |
| Reserves | | | | |
| Restricted Reserves | 11 | | 162 | 154 |
| Designated Reserves | 12 | | 19,268 | 19,372 |
| Unrestricted Reserves | 13 | | (6,581) | (2,774) |
| | | | <u>12,843</u> | <u>16,752</u> |

The financial statements have been prepared in accordance with provisions applicable to medium sized companies and were approved by the Board on 30 October 2014.

..... (Director) Bill Duncan

..... (Director)

..... (Date)

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

BALANCE SHEET AS AT 31 MARCH 2014

| | Notes | 2014 £000 | 2014 £000 | 2013 £000 |
|---|-------|--------------|----------------|----------------|
| Fixed Assets | | | | |
| Tangible Assets | 7 | | 12,959 | 13,265 |
| Investments | 8 | | 1 | - |
| | | | <u>12,960</u> | <u>13,265</u> |
| Current Assets | | | | |
| Stocks | | 28 | | 36 |
| Debtors | 9 | 332 | | 392 |
| Cash in Hand and at Bank | | <u>7,947</u> | | <u>8,247</u> |
| | | | 8,307 | <u>8,675</u> |
| Current Liabilities | | | | |
| Bank Overdraft | | - | | - |
| Creditors (amounts due within 1 year) | 10 | <u>887</u> | | <u>1,091</u> |
| | | | 887 | <u>1,091</u> |
| Net Current Assets | | | | |
| | | | <u>7,420</u> | <u>7,584</u> |
| Total Assets Less Current Liabilities | | | | |
| | | | 20,380 | 20,849 |
| Pension Liability | 17 | | <u>7,536</u> | <u>4,096</u> |
| Net Assets Including Pension Liability | | | | |
| | | | <u>12,844</u> | <u>16,753</u> |
| Reserves | | | | |
| Restricted Reserves | 11 | | 162 | 154 |
| Designated Reserves | 12 | | 19,268 | 19,372 |
| Unrestricted Reserves | 13 | | <u>(6,586)</u> | <u>(2,773)</u> |
| | | | <u>12,844</u> | <u>16,753</u> |

The financial statements have been prepared in accordance with provisions applicable to medium sized companies and were approved by the Board on 30 October 2014.

..... (Director) Bill Duncan

..... (Director)

..... (Date)

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

| | Note | 2014 £000 | 2013 £000 |
|--|-----------|---------------------|---------------------|
| Net Cash (Outflow)/Inflow from Operating Activities | 15 | (97) | 981 |
| Return on Investments and Servicing Finance | | | |
| Interest Received | 2 | 54 | 80 |
| | | <u>(43)</u> | <u>1,061</u> |
| Capital Expenditure and Financial Investment | | | |
| Capital Expenditure | 7 | 240 | 661 |
| | | <u>(283)</u> | <u>400</u> |
| Financing | | | |
| Increase/(Decrease) in Loan Debt | | - | - |
| (Decrease)/Increase in Cash | | <u>(283)</u> | <u>400</u> |
| Reconciliation of Net Cash Flow to Movement in Net Debt | | | |
| (Decrease)/Increase in Cash During the Year | | (283) | 400 |
| Cash Outflow/(Inflow) from Debt and Lease Financing | 16 | - | - |
| | | <u>(283)</u> | <u>400</u> |
| Net Cash in Hand and Bank at Beginning of Year | | <u>8,272</u> | <u>7,872</u> |
| Net Cash in Hand and Bank at End of Year | 16 | <u>7,989</u> | <u>8,272</u> |

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention with the exception of investments which are stated at market value. The financial statements are also in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), applicable accounting standards and the Companies Act 2006.

Fixed Assets

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

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

| | |
|---------------------|------------------|
| Heritable Buildings | 2 – 8% on cost |
| Plant & Machinery | 20 – 33% on cost |
| Fixtures & Fittings | 20% on cost |

Stock

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

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the term of the lease.

Grants

Grants received in relation to capital expenditure are credited to income and expenditure in the period in which the company becomes entitled to them.

Incoming Resources

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Pension Contributions

The Company operates a pension scheme for certain employees. The cost of pension contributions is charged against revenue in order to recognise the expected cost of providing pensions on a systematic and rational basis over the employees' expected working lives with the Company.

The Company is an admitted body to the Local Government Pension Scheme (LGPS). This is a defined benefit scheme to which all employees are eligible to join. The LGPS is operated through a number of local pension Funds with Live Active Leisure Limited and its employees contributing to the Tayside Superannuation Fund administered by Dundee City Council.

The Company, acting through the administering authority, have employed the fund's actuaries Barnett Waddingham to value Live Active Leisure Limited's share of the assets and liabilities of Tayside Superannuation Fund as at 31 March 2014.

Taxation

The Company is a registered charity and is subject neither to Corporation Tax nor Income Tax.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

Fund Accounting

Funds held by the charity are classified as follows:

Unrestricted general reserves – these are funds which can be used in accordance with the charitable objectives at the discretion of the Board.

Designated reserves – these are funds set aside by the Board out of unrestricted reserves for the purposes of projects.

Restricted reserves – these funds are created for a defined purpose and may only be used in accordance with the defined purpose.

Unrestricted general reserves in excess of target may be transferred to any designated reserve at the discretion of the Board. The Company currently has three designated reserves, the PH₂O Reserve, the Lifecycle Maintenance Reserve and the Depreciation Reserve.

Resources Expended

All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular cost headings they have been allocated to activities on a basis consistent with the use of the resources. Resources expended include attributable VAT which cannot be recovered.

Grants Payable are accounted for on an accruals basis.

Charitable activities include expenditure associated with the provision of leisure services, sports development community programme of health and fitness and include both the direct costs and support costs.

Support costs include central functions and have been allocated direct to the charitable activities of the company.

Governance costs are those costs incurred in connection with compliance with constitutional and statutory requirements.

2. Investment Income

| | 2014 | 2013 |
|-------------------|-------------|------|
| | £000 | £000 |
| Interest Received | | |
| On General Funds | 54 | 80 |
| | 54 | 80 |

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

3. Resources Expended on Charitable Activities

| | 2014 | 2013 |
|---------------------------------------|---------------|--------|
| | £000 | £000 |
| Operating Activities | | |
| Staff Costs | 5,755 | 5,520 |
| Property Costs | 2,564 | 2,380 |
| Depreciation | 547 | 1,054 |
| Supplies & Services | 1,072 | 836 |
| Administration Costs | 195 | 203 |
| Pension Fund Costs | 500 | 380 |
| | 10,633 | 10,373 |
| Support Costs Included Above - | | |
| Staff Costs | 888 | 799 |
| Property Costs (Incl Depreciation) | 4 | 5 |
| Supplies and Services | 133 | 138 |
| Services from Perth & Kinross Council | 95 | 95 |
| Other Administration Costs | 33 | 37 |
| | 1,153 | 1,074 |

Grants for Sporting & Recreational Purposes

| | 2014 | 2013 |
|-----------------------------|-------------|------|
| | £000 | £000 |
| Grants to Institutions | | |
| Sports Coaching Initiatives | 79 | 78 |
| | 79 | 78 |

4. Governance Costs

| | 2014 | 2013 |
|-----------------------------------|-------------|------|
| | £000 | £000 |
| Auditors Remuneration | 6 | 9 |
| Audit of the company's subsidiary | 2 | 2 |
| Internal audit | 1 | 1 |
| All other services | - | 3 |
| Pension Fund Report | 1 | 1 |
| | 10 | 16 |

5. Staff Costs and Numbers

| | 2014 | 2013 |
|-----------------------|--------------|-------|
| | £000 | £000 |
| Wages & Salaries | 4,851 | 4,704 |
| Social Security Costs | 254 | 252 |
| Pensions | 585 | 502 |
| Other Costs | 65 | 62 |
| | 5,755 | 5,520 |

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

The average monthly number of full time equivalent employees during the year were as follows:

| | 2014 | 2013 |
|--------------------|-------------|------|
| Instruction | 40 | 32 |
| Leisure Management | 44 | 42 |
| Operational | 142 | 146 |
| Support | 21 | 18 |

The number of employees receiving remuneration in excess of £70,000 is as follows:

| | 2014 | 2013 |
|---|-------------|------|
| £60,000 - £70,000 | - | 1 |
| £70,000 - £80,000 | 1 | - |
| Employers pension contribution for year | £13K | £12K |

No Directors received any remuneration or expenses in their role as Director (2013 £Nil).

| 6. Transfer To and From Reserves | 2014 | 2013 |
|--|--------------|------------|
| | £000 | £000 |
| To/(From) The Ballechin Fund | - | - |
| To/(From) Financial Assistance Reserve | 15 | 18 |
| To/(From) Health & Inclusion Reserve | (7) | 25 |
| To/(From) Lifecycle Maintenance Reserve | (132) | 187 |
| To/(From) PH ₂ O Reserve | 335 | 340 |
| To/(From) Depreciation Reserve | (307) | (393) |
| To/(From) Pension Reserve | (500) | (380) |
| To/(From) General Reserve | (373) | 202 |
| Total Funds transfer from Net Incoming Resources for year | (969) | (1) |

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

7. Tangible Fixed Assets – Group and Charity

| | Land & Buildings £000 | Plant & Equipment £000 | Total £000 |
|-------------------------|--|---|-----------------------|
| Cost | | | |
| At 1 April 2013 | 25,797 | 683 | 26,480 |
| Additions | 13 | 227 | 240 |
| Disposals | (6,786) | (53) | (6,839) |
| At 31 March 2014 | 19,024 | 857 | 19,881 |
| Depreciation | | | |
| At 1 April 2013 | 12,988 | 227 | 13,215 |
| Charge for the Year | 478 | 68 | 546 |
| Disposals | (6,786) | (53) | (6,839) |
| At 31 March 2014 | 6,680 | 242 | 6,922 |
| Net Book Value | | | |
| At 31 March 2014 | 12,344 | 615 | 12,959 |
| At 31 March 2013 | 12,809 | 456 | 13,265 |

The net book value of £12,959K does not include any assets held under finance lease agreements.

8. Investments – Group and Charity

| | Listed £000 |
|---|------------------------|
| Total Investments at 1 April 2013 | - |
| Movement in Year | 1 |
| Total Investments at 31 March 2014 | 1 |

Listed

The Company holds 83 Santander shares which were obtained at no cost. The value of the shareholding at 31 March 2014 was £616 (£435 at 31 March 2013).

Investments held by the Charity also include an additional £1 investment in the Subsidiary Company at cost (see note 20).

9. Debtors

| | Group | | Charity | |
|---------------|----------------------|----------------------|----------------------|----------------------|
| | 2014 £000 | 2013 £000 | 2014 £000 | 2013 £000 |
| Trade Debtors | 236 | 317 | 239 | 287 |
| Prepayments | 94 | 105 | 93 | 105 |
| | 330 | 422 | 332 | 392 |

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

10. Creditors – Amounts falling due within one year

| | Group | | Charity | |
|---------------------------------------|--------------|-------------|----------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £000 | £000 | £000 | £000 |
| Trade Creditors | 213 | 316 | 192 | 288 |
| Accruals | 427 | 549 | 415 | 540 |
| Other Taxes and Social Security Costs | 300 | 296 | 280 | 263 |
| | 940 | 1,161 | 887 | 1,091 |

11. Restricted Reserves

| | Health & Inclusion Reserve | The Ballechin Fund | Financial Assistance Reserve | Total Other Funds |
|----------------------------------|---------------------------------------|---------------------------|-------------------------------------|--------------------------|
| | £000 | £000 | £000 | £000 |
| Balance as at 1 April 2013 | 54 | 9 | 91 | 154 |
| Contributions for Year | 100 | - | 130 | 230 |
| | 154 | 9 | 221 | 384 |
| Revenue Expenditure During Year | 107 | - | 115 | 222 |
| Total Restricted Reserves | 47 | 9 | 106 | 162 |

Health & Inclusion Reserve

The Health & Inclusion Reserve is a restricted reserve in so far as the Company receives grants from NHS Tayside for health improvement and inclusion remits and initiatives for the purpose of supporting programme and service development for this agenda. Grant aid from Air Quality Funding and Paths for All is also reserved to support the Stride for Life project.

Financial Assistance Reserve

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

The Ballechin Fund

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

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

12. Designated Reserves

| | PH₂O Reserve £000 | Lifecycle Maintenance Reserve £000 | Depreciation Reserve £000 | Total Designated Reserves £000 |
|----------------------------------|---|---|--|---|
| Balance as at 1 April 2013 | 4,665 | 1,442 | 13,265 | 19,372 |
| Contributions for Year | 335 | - | 240 | 575 |
| | 5,000 | 1,442 | 13,505 | 19,947 |
| Amortisation for Year | - | 509 | 547 | 1,056 |
| | 5,000 | 933 | 12,958 | 18,891 |
| Transfers between reserves | - | 377 | - | 377 |
| Total Designated Reserves | 5,000 | 1,310 | 12,958 | 19,268 |

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

Lifecycle Maintenance Reserve

The Major Refurbishment Reserve has been renamed as the Lifecycle Maintenance Reserve and is funds set aside for major repairs and significant 'spend to save' initiatives. It is funded by resources allocated by the Company.

PH₂O Reserve

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

Depreciation Reserve

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

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

13. Reconciliation of Movement in Reserves

| | 2014 £000 | 2013 £000 |
|---|---------------|---------------|
| Net (Outgoing)/Incoming Resources for Year | (938) | (1) |
| Actuarial Gain/(Loss) on Pension Fund | (3,252) | 1,276 |
| Gain/(Loss) on Investments | 312 | - |
| Net Increased/(Reduction) to Reserve | (3,878) | 1,275 |
| Opening Reserves | 16,752 | 15,477 |
| Closing Reserves | 12,874 | 16,752 |
| Restricted Reserves | 162 | 154 |
| Designated Reserves | 19,268 | 19,372 |
| Unrestricted Reserves | (6,587) | (2,774) |
| | 12,843 | 16,752 |
| <u>Unrestricted Reserves</u> | | |
| General Reserve excluding Pension Liability | 949 | 1,322 |
| Pension Reserve (Deficit) | (7,536) | (4,096) |
| Unrestricted Reserve | (6,587) | (2,774) |

14. Analysis of Net Assets between Reserves

| | Unrestricted Reserves £000 | Designated Reserves £000 | Restricted Reserves £000 | Total 2014 £000 | Total 2013 £000 |
|---------------------------------------|----------------------------------|--------------------------------|--------------------------------|-----------------------|-----------------------|
| Tangible Assets | - | 12,959 | - | 12,959 | 13,265 |
| Investments | 1 | - | - | 1 | - |
| Stocks | 40 | - | - | 40 | 50 |
| Debtors | 330 | - | - | 330 | 422 |
| Cash in Hand and at Bank | 1,502 | 6,309 | 178 | 7,989 | 8,272 |
| Bank Overdraft | - | - | - | - | - |
| Creditors (amounts due within 1 year) | (924) | - | (16) | (940) | (1,161) |
| Pension Liability | (7,536) | - | - | (7,536) | (4,096) |
| | (6,587) | 19,268 | 162 | 12,843 | 16,752 |

15. Reconciliation of Net Incoming Resources to Net Cash

| | Notes | 2014 £000 | 2013 £000 |
|--|-------|--------------|--------------|
| Inflow from Operating Activities | | | |
| Net (Outgoing)/Incoming Resources | | (969) | (1) |
| Interest Received | 2 | (54) | (80) |
| (Increase)/Decrease in Stocks | | 10 | (19) |
| Decrease/(Increase) in Debtors | 9 | 92 | (76) |
| Increase/(Decrease) in Creditors | 10 | (221) | (277) |
| Depreciation | 7 | 546 | 1,054 |
| Pension Fund Costs | 3 | 500 | 380 |
| Net Cash Inflow from Operating Activities | | (96) | 981 |

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

16. Analysis of Cash and Cash Equivalents

| Long Term Loan Balances (ie Net Debt) | At 1 April 2013 £000 | Cash Flows £000 | At 31 March 2014 £000 |
|--|----------------------------|-----------------------|-----------------------------|
| Cash in Hand and at Bank | 8,272 | (283) | 7,989 |
| Bank Loan | - | - | - |
| | <u>8,272</u> | <u>(283)</u> | <u>7,989</u> |

17. Pension Commitments

The Company is an admitted body to the Local Government Pension Scheme (LGPS). This is a defined benefit scheme to which all employees are eligible to join. The LGPS is operated through a number of local Pension Funds with Live Active Leisure Limited and its employees contributing to the Tayside Superannuation Fund administered by Dundee City Council. In the year to 31 March 2014, the employers' contribution rate was 18% of earnings by employees. The employers' contribution rate will be 18% for the next financial year.

The Company, acting through the administering authority, have employed the fund's actuaries Barnett Waddingham to value Live Active Leisure Limited's share of the assets and liabilities of Tayside Superannuation Fund as at 31 March 2014. The actuaries have used the following financial assumptions in their calculations.

| Assumptions | 2013/14 % p.a. | 2012/13 % p.a. | 2011/12 % p.a. |
|--------------------|---------------------------|---------------------------|---------------------------|
| RPI Increases | 3.7 | 3.4 | 3.3 |
| CPI Increases | 2.9 | 2.6 | 2.5 |
| Salary Increases | 5.1 | 4.8 | 4.8 |
| Pension Increases | 2.9 | 2.6 | 2.5 |
| Discount Rate | 4.6 | 4.7 | 4.6 |

The discount rate is the annualised yield at the 25 year point on the Merrill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date.

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 25 year point on the BoE spot inflation curve. This is consistent with the approach used at the last accounting date.

This measure has historically overestimated future increases in the RPI and so, in the past, we have made a deduction of 0.25% to get the RPI assumption. However, the evidence for this in more recent periods is weaker and so we have made no deduction at 31 March 2014. The RPI assumption is therefore 3.7%. As future pension increases are expected to be based on CPI rather than RPI, we have made a further assumption about CPI which is that it will be 0.8% below RPI ie 2.9%. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods.

Salary increases are then assumed to be 1.4% above RPI in addition to a promotional scale.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

Life Expectancy from age 65 years:

| | Males | Females |
|----------------------|-------|---------|
| Retiring today | 21.0 | 23.3 |
| Retiring in 20 years | 23.2 | 25.6 |

The Category of Assets in the Scheme

| | 2014 | 2013 |
|--------------|-------------|------|
| | % | % |
| Equities | 71 | 71 |
| Gifts | 5 | 7 |
| Other Bonds | 13 | 11 |
| Property | 9 | 9 |
| Cash | 2 | 2 |
| Total | 100 | 100 |

The Amounts Recognised in the Profit & Loss Statement are:

| | 2014 | 2013 | 2013 |
|---------------------------------------|--------------|-----------------|-------|
| | £000 | £000 | £000 |
| | | (revised IAS19) | |
| Service Cost | 888 | 803 | 803 |
| Interest on Obligation | n/a | n/a | 643 |
| Net Interest on the Defined Liability | 179 | 218 | n/a |
| Expected Return on Scheme Assets | n/a | n/a | (566) |
| Administration Expenses | 6 | 5 | n/a |
| Total | 1,073 | 1,026 | 880 |

Actual Return on Scheme Assets

| | | |
|------------|-------|-------|
| 844 | 1,561 | 1,556 |
|------------|-------|-------|

Reconciliation of Opening & Closing Balances of the Present Value Of the Defined Benefit Obligation:

| | 2014 | 2013 | 2013 |
|---|---------------|-----------------|--------|
| | £000 | £000 | £000 |
| | | (revised IAS19) | |
| Opening Defined Benefit Obligation | 15,138 | 13,993 | 13,993 |
| Current Service Cost | 888 | 803 | 803 |
| Interest Cost | 711 | 643 | 643 |
| Change in Financial Assumptions | 2,751 | (286) | - |
| Change in Demographic Assumptions | 501 | - | - |
| Total actuarial losses (gains) | - | - | (286) |
| Estimated Benefits Paid Net of Transfers In | (199) | (177) | (177) |
| Contributions by Scheme Participants | 185 | 162 | 162 |
| Closing Defined Benefit Obligation | 19,975 | 15,138 | 15,138 |

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

| Reconciliation of Opening & Closing Balances of the Fair Value of Scheme Assets: | 2014 £000 | 2013 £000 (revised IAS19) | 2013 £000 |
|---|----------------------|------------------------------------|--------------|
| Opening Fair Value of Scheme Assets | 11,042 | 9,001 | 9,001 |
| Expected Return on Scheme Assets | n/a | n/a | 566 |
| Interest on Assets | 532 | 425 | n/a |
| Return on Assets less Interest | 312 | 1,136 | n/a |
| Administration Expenses | (6) | (5) | n/a |
| Total Actuarial Gains/(Losses) | n/a | n/a | 990 |
| Contributions by Employer Including Unfunded | 573 | 500 | 500 |
| Contributions by Scheme Participants | 185 | 162 | 162 |
| Estimated Benefits Paid Plus Unfunded Net of Transfers In | (199) | (177) | (177) |
| Closing Fair Value of Scheme Assets | 12,439 | 11,042 | 11,042 |

Sensitivity Analysis

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

| | £000 | £000 | £000 |
|--|-------------|-------------|-------------|
| Adjustment to discount rate | +0.1% | 0.0% | -0.1% |
| Present Value of Total Obligation | 19,336 | 19,975 | 20,635 |
| Projected Service Cost | 1,035 | 1,077 | 1,121 |
| Adjustment to Long Term Salary Increase | +0.1% | 0.0% | -0.1% |
| Present Rate of Total Obligation | 20,351 | 19,975 | 19,609 |
| Projected Service Cost | 1,108 | 1,077 | 1,047 |
| Adjustment to Pension Increases and Deferred Revaluation | +0.1% | 0.0% | -0.1% |
| Present Value of Total Obligation | 20,270 | 19,975 | 19,692 |
| Projected Service Cost | 1,091 | 1,077 | 1,064 |
| Adjustment to mortality age rating assumption | +1 year | None | -1 year |
| Present Value of Total Obligation | 19,250 | 19,975 | 20,708 |
| Projected Service Cost | 1,038 | 1,077 | 1,116 |

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

| Net Pension Liability as at: | 2014 | 2013 |
|---------------------------------------|-----------------|-------------|
| | £000 | £000 |
| Present Value of Funded Obligation | (19,975) | (15,138) |
| Fair Value of Scheme Assets | 12,439 | 11,042 |
| Net Liability in Balance Sheet | (7,536) | (4,096) |

Projections for Year to 31 March 2015:

| | |
|---------------------------------------|--------------|
| Service Cost | 1,077 |
| Net Interest on the Defined Liability | 334 |
| Administration Expenses | 7 |
| Total | 1,418 |
| Employer Contributions | 570 |

Note – These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2014.

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company and amounted to £2K (2013:£nil).

18. Capital Commitments – Group and Charity

The capital commitments as at 31 March 2014 amount to £197K for contract commitments.

19. Ultimate Controlling Party

The Company was under the ultimate control of its Directors throughout the whole of the current year.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2014

20. Subsidiary Company

The Charity owns the whole of the issued share capital of Live Active Leisure Trading Limited, a company registered in Scotland. The Subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the SOFA. The total net profit is gifted to the charity.

A summary of the results of the subsidiary is shown below:

| | 2014 | 2013 |
|-------------------------|--------------|-------|
| | £000 | £000 |
| Turnover | 411 | 429 |
| Cost of Sales | (244) | (244) |
| Gross Profit | 167 | 185 |
| Administrative expenses | (167) | (185) |
| Net profit/(loss) | - | - |

The aggregate of the assets, liabilities was:

| | | |
|--|--------------|-------|
| Assets | 107 | 118 |
| Liabilities | (107) | (118) |
| Funds (representing 1 ordinary share of £1) amounted to £1 | - | - |