



Falkirk Community Trust Limited

report and
financial
statements

2018

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REFERENCE AND ADMINISTRATIVE INFORMATION**YEAR END 31 MARCH 2018**Falkirk Community Trust Limited

Directors	Ruth Morrison (Chair) Suzanne Arkinson Councillor William Buchanan Councillor Lorna Binnie Councillor Joan Coombes Derek Easton Colette Filippi Councillor Dennis Goldie Councillor Linda Gow Councillor Jim Flynn Alex McQuade Councillor Cecil Meiklejohn Steve Mackie Councillor Pat Reid Simon Rennie Andrew Roberts Ian Scott Councillor Robert Spears Robert Tait David White	(Appointed 1 st July 2017) (Appointed 7 th June 2017) (Appointed 28 th June 2017) (Appointed 1 st July 2017) (Appointed 1 st July 2017) (Term of Office ended 7 th June 2017) (Resigned 5 th May 2017) (Appointed 7 th June 2017) (Term of Office ended 30 th June 2017) (Appointed 7 th June 2017) (Resigned 18 th August 2017) (Term of Office ended 7 th June 2017) (Appointed 1 st June 2018) (Term of Office ended 30 th June 2017) (Term of Office ended 7 th June 2017) (Term of Office ended 30 th June 2017)
Senior Management Team	Maureen Campbell Neil Brown Jane Clark Paul Finnie Lesley O'Hare	Chief Executive General Manager Business Development Manager Sports & Recreation Manager Culture & Libraries Manager
Registered Office Auditors	Drummond Laurie CA Unit 5 Gateway Business Park Beancross Road Grangemouth FK3 8WX	
Solicitors	Shepherd & Wedderburn 191 West George Street Glasgow G2 2LB	
Bankers	Royal Bank of Scotland 2 Newmarket Centre Falkirk FK1 1JX	
Charity number	SC042403	
Company number	SC400657	

GROUP STRATEGIC REPORT

YEAR ENDED 31 MARCH 2018

Main activity

The purpose of the group is to deliver, on behalf of Falkirk Council, inspiring culture and recreation services and experiences that support the Falkirk area's communities' aspirations and meet visitor expectations by:

- Encouraging the population of the Falkirk area to be more active and promoting health and fitness opportunities that are accessible to everyone;
- Supporting people to be more creative and nurturing potential for personal success and wellbeing through provision of cultural and sporting facilities and resources;
- Helping individuals and community groups to benefit from lifelong learning opportunities and make a social and economic contribution; and
- Involving local people in caring for the area's environment and heritage and encouraging others to visit the area.

Public Benefit

The directors have referred to OSCAR's general guidance on public benefit when reviewing the aims and objectives of the charity and in planning its future activities. The charity's activities and objectives are entirely for the benefit of the public of the Falkirk area and any visitors to the area, with the benefit being access to culture and recreation services. Monitoring the success of this provision is carried out by the Directors by regularly analysing KPIs for each culture and recreation site managed by the charity, particularly in relation to attendance figures and how the charity can increase participation.

Going Concern

Funding for 2018-19 has been agreed for the period to 31st March 2019. The level of funding from Falkirk Council for 2019-20 is yet to be agreed. Funding reduction in 2018-19 was mitigated by a savings plan which utilised some reserves. The Board will respond to an anticipated further reduction in funding from the Council with a savings plan bolstered by a healthy balance of reserves which may be required to meet the cost of implementing savings. Directors have reviewed the business strategy and are satisfied that they are able to continue to prepare accounts on a going concern basis. A letter of comfort has been received from the Council confirming that the service in general will be funded in future years.

Business objectives

For the period 2014 – 2019 the objectives of the group are:

- Meeting customer needs
- Organisational development
- Financial sustainability

These objectives are being met through a range of activity within the Trust's Business Plan and delivered through annual action plans which focus on 5 strategic priorities:

- Marketing
- Information & Communications Technology
- Venue and Programmes
- People and the Organisation
- Planning together

GROUP STRATEGIC REPORT

YEAR ENDED 31 MARCH 2018

Risk Management

The major strategic, business and operational risks associated with the group are identified. A Strategic Risk Management Policy is in place along with risk register, review and mitigation systems which are reviewed regularly by the management team. The strategic risk register was presented to the Board for scrutiny during the year to ensure that risk is drawn to the attention of Directors. The top three risks are:-

1. **Financial Risk:** National influences could lead to Council priorities for finance being focused away from the Trust leading to a reduction in funding for Culture and Sport. This could lead to the closure of facilities, reduction in service, loss of income and planned deterioration. Mitigation action is in place through: "*Inspiring Active Lives – A Strategy for Culture and Sport in the Falkirk area*" with a suite of delivery plans; delivering a new soft play centre business initiative; developing new opportunities for business growth; maintaining improvement in Trading Company performance; generating increased community involvement in service delivery; achieving Fundraising strategy targets.
2. **Information Risk:** Lack of investment by the Council and the Trust causes IT systems failure to meet both customer and business management needs and restricts customer transactions and customer data capture. Mitigation action in place through: Commissioning a new website; improving our digital capacity and online facilities; creating a brief and specification for an improved box office ticketing system; piloting mobile and flexible working.
3. **Assets & Property Risk:** Plant and machinery failure within ageing physical assets requiring redirection of capital and /or which could lead to facility closure with service reduction and loss of income. Mitigation action in place through; monitoring and reviewing performance of short and longer term Service Level Agreements; Asset Management Development Plan; implementing Council capital funded projects and forward planning investment proposals

Achievements and Performance

Positive results were achieved against an ever challenging financial backdrop. Despite the poor weather in the final quarter overall customer income increased by 2% on the previous year. Trading performance continued to improve and is now providing a good level of income to the charity. Income of £0.843m was secured from grants and fundraising.

Good progress was made in implementing the Trust's Business Plan Approach to focus on income generation in facilities with potential to grow income that will reduce subsidy whilst also enhancing the benefits to communities of participation in culture and sport. A number of projects are now in development. The project to introduce a new soft play venture, with relocated café and reception space, at the Mariner Centre commenced construction on site and will open in September 2018.

More admissions, more visits, more participants and increased usage over the year included:

- last year's investment in the tea room contributed to 22% increase in visits to Callendar House;
- an 8.5% increase in gym usage;
- over 20% increase in the number of Active Schools participant sessions;
- an increase in the number and range of shows at FTH delivered a 26% increase in admissions; and
- a 46% increase in the number of visits to the Helix.

Our customer satisfaction levels continued to be high as demonstrated through Tripadvisor certificates of excellence as well as securing VisitScotland 5 star rating at the Helix and maintaining 4 stars at Callendar House. We commissioned work to design and develop a website and work to create associated online sales capability commenced, all with a strong focus on improving the customer journey. The new website is due to launch in Summer 2018.

A positive initial meeting with a number of local clubs and organisations led to follow up meetings to explore joint working in advocating for culture and sport. The establishment of sports hubs in Camelon and Grangemouth is involving us in working closely with local communities and the voluntary and third sector, as is work to secure an end use for the Steeple.

GROUP STRATEGIC REPORT

YEAR ENDED 31 MARCH 2018

Investment in modernising Grangemouth Stadium continued and as a result we attracted several large event bookings for 18/19. Programmed activity at the Helix included the third year of the Fire & Light event with an 87% uptake of tickets over 2 days. The introduction of STEM at the Helix for S1 pupils was a very successful pilot for a bigger event in 18/19 to tie into the Year of Young People. Modernisation plans for FTH were taken forward and new seats will be installed in Summer 2018 with the aim of improving audience experience.

Financial Review

The Groups financial results for the year 1st April 2017 to 31st March 2018 are shown on pages 12 to 25. This shows a surplus on unrestricted funds of £0.462m. The unrestricted fund has increased to £2.015m (£1.553m as at 31st March 2017), however £0.367m of the increase is due to reallocation of funds from the Restricted Reserve, as they are no longer deemed to be restricted.

Income totalled £19.011m (2016/17 - £19.527m). The year on year reduction is mainly due to the reduction in income received from Falkirk Council of £0.501m. Costs incurred of £18.976m are largely in line with the previous year (2016/17 - £18.926m).

The Trust's wholly owned subsidiary, Falkirk Community Trading Limited, achieved a breakeven position for the period to 31st March 2018 after accounting for a charitable payment of £0.361m. The principal activity of the trading company is the provision of catering and retail services.

The balance sheet shows a bank balance of £3.664m (£3.598m as at 31 March 2017) and net assets of £2.176m (£2.141m as at 31 March 2017).

Plans for the Future

We will be operating with a significant reduction to our core budget in 18/19 and have identified £0.927m of savings with limited impact on services or facilities. However we have had to utilise £0.245m from reserves to reach the total level of savings requested of us by the Council.

Implementing business growth projects is a priority to ensure financial sustainability as well as ensuring we are delivering services that meet customer needs. Income growth will be secured through creating a tea salon at Callendar House and a new service pod at the Hippodrome. Work with local clubs at Stenhousemuir Sports Centre to create a venue for gymnastics will meet a gap in provision for this very popular sport and is an example of our business approach model to give the neighbourhood centres a future. Ideas will be explored for the Helix, Grangemouth Sports Complex, the vacated upper floor at the Mariner Centre and for extending our gym offer. We will explore procurement frameworks and smart contracting to identify cost effective solutions and best value investment.

Asset management and development remains a challenge however and we will continue to work with the Council to support their strategic property review. Colocation of facilities will be explored at Falkirk Library in line with our vision of libraries as community hubs and we will work with Grangemouth Golf Club to review management opportunities at the Golf Course with a view to transfer of responsibility in 2019. Identifying support mechanisms to grow capacity of community groups for taking on or sharing in service delivery will be a business strategy priority going forward.

Our current business strategy comes to the end of its 5 years in 2019 and we will develop a new business strategy that takes account of the current funding climate, the opportunities for growth and investment and considers the future needs and aspirations of our organisation.



Ruth Morrison
Chair of the Board
Falkirk Community Trust Limited

Date: 30 August 2018

GROUP DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2018

Structure, Governance and Management

Charitable status

Falkirk Community Trust is a company limited by guarantee, governed by its memorandum and articles of association dated 31st May 2011. The company has charitable status and the Scottish Charity Number is SC042403. The charitable company was incorporated on 31st May 2011 and began to trade on 1st July 2011 to take responsibility for the management and operation of a range of community facing sport, recreation, arts, heritage and library services provided by Falkirk Council.

Board of Directors

Five independent directors are drawn from local business, sport, culture, environmental and learning sectors. Five directors are nominated elected members of Falkirk Council. There is also one Employee Director nominated by Trust staff, which is currently vacant.

The Board has the ability to appoint two additional co-opted Directors to allow the Trust to benefit from relevant skill sets and expertise as required. Two co-opted Directors are appointed to the Board. The Chair of the Board is elected from the Independent Directors. The Directors are trustees for the purposes of charity law. A list of the current Directors including those who served during the accounting period can be found on Page 2.

Responsibility for the day to day operations of the Trust has been delegated to Maureen Campbell, the Trust Chief Executive.

Trading Subsidiary

A wholly owned trading subsidiary, Falkirk Community Trading Limited, was established to govern those activities which are not recognised as charitable. It has a board of 5 directors drawn from the Trust's board and executive management and independent experts.

The Director details are as follows:

Suzanne Arkinson	
Maureen Campbell	(Appointed 31 st October 2017)
Shona Dunsmore	
Ased Iqbal	
Steve Mackie	(Resigned 18 th August 2017)
Chris Morris	
Ian Scott	(Term of Office ended 30 th June 2017)

Induction and training of directors

An induction process is in place for new directors. This covers strategic and operational issues affecting the group. The ongoing training and development needs of directors are considered regularly by the board.

Governance structure

The Board of Directors meets quarterly with executive officers and senior managers present. Decisions are taken to set the overall strategy for the business as well as to monitor its activities. The executive and senior managers are charged with the task of implementing these decisions. Agendas and minutes of Falkirk Community Trust board meetings are published on the Trust's website (www.falkirkcommunitytrust.org).

Two sub groups are established each comprising five directors drawn from the Trust's board. The Audit and Performance sub group focuses on company performance specifically in relation to the business plan and audit arrangements. The People sub group is charged with recruitment of all senior managers and strategic liaison with trade union representatives.

GROUP DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2018

Reserves Policy

The Trust has the following three reserves:-

Unrestricted Income Fund

Maintaining a level of reserves helps to meet unexpected events. The Board agreed that it would maintain an unrestricted reserve of 2% calculated on the basis of the Service Payment received from Falkirk Council and the total budgeted expenditure. This gives a range of between £228,700 and £396,000. The unrestricted reserve at 31 March 2018 was £2.015m with £0.227m earmarked for offsetting future severance costs, £0.780m earmarked to fund investment growth projects and £0.147m earmarked for Helix Asset Management Plan. During the year £0.367m was reallocated from Helix Restricted reserve to unrestricted reserve, as it was deemed the funds did not need to be restricted for Helix. Although the reserve is well above the recommended limit, the Trust's reserve policy notes that maintaining the reserve at the threshold limits should not be taken as given and situations may arise where the Trust operates outwith the framework. The current level of reserves will help the Trust to manage in the current difficult financial climate, in particular providing an opportunity to deploy funds on activities aimed at generating additional income.

Restricted Funds – Grants and Other Funding

This fund represents grants received for specific purposes, with the balances held to be applied in accordance with the funders' requirements. The balances held are detailed at Note 18 and shows an overall balance of £0.161m as at 31 March 2018.

Financial Risk Management – Objectives and Policies

The Trust has a Risk Management Plan, supported by subsidiary risk management plans. In addition there are Business Continuity arrangements covering all operational activities and locations. These arrangements incorporate regular reporting to the Management Team and the Directors.

Robust financial management is critical to the Trust's success and integral to its forward planning, particularly given that Falkirk Council, the Trust's main funder, is under significant financial pressure due to the current economic climate. In 2017/18 the funding from Falkirk Council reduced by £0.501m with further reduction of £0.642m confirmed for 2018/19. Going forward it is anticipated that Falkirk Council will still need to make significant financial savings and the Trust's Business Plan for 2017-20 gives consideration to a potential reduction in the service payment by as much as 50% by 2020. The Plan acknowledges that this will require a significant transformational shift in the way culture and sport is developed, managed and delivered in the Falkirk area with a strong emphasis on community engagement and increased income generation.

Employees

The group maintains a policy of regularly providing all employees and, where represented, trade unions with information on the group's performance. It is the group's policy to give full consideration to employment from persons with protected characteristics including disabled persons, bearing in mind their particular aptitudes and abilities.

Auditors

Drummond Laurie CA were appointed for 2 years covering the financial statements up to the year ended 31 March 2019.

Information for Auditors

In so far as the directors are aware there is no relevant audit information of which the charitable group's auditor is unaware and the directors have taken all steps to make themselves aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

Ruth Morrison
Chair of the Board
Falkirk Community Trust Limited

Date: 30th August 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 MARCH 2018

The trustees (who are also directors of Falkirk Community Trust Limited for the purposes of company law) are responsible for preparing the Group Strategic Report and the Group 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 trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees 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.

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF FALKIRK
COMMUNITY TRUST LIMITED**

YEAR ENDED 31 MARCH 2018

Opinion

We have audited the group and parent company financial statements of Falkirk Community Trust Limited (the 'charitable company') for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its result, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 group or 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.

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 Independent Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF FALKIRK
COMMUNITY TRUST LIMITED**

YEAR ENDED 31 MARCH 2018

Opinion 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 Group Strategic Report and Group Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and Group Directors' 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and Group Directors' Report.

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 group and 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 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors (who are also the trustees of the charitable company for the purposes of charity regulations) are responsible for the preparation of the group and parent charitable company 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 group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the group and parent 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 Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors those

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF FALKIRK
COMMUNITY TRUST LIMITED**

YEAR ENDED 31 MARCH 2018

matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and parent charitable company and the charitable company's members and directors as a body, for our audit work, for this report, or for the opinions we have formed.

Drummond Laurie Ltd

David Wheeler (Senior Statutory Auditor)
for and on behalf of Drummond Laurie CA
Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Unit 5 Gateway Business Park
Beancross Road
Grangemouth
FK3 8WX

Date:*3/9/18*.....

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(INCORPORATING A GROUP INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted Fund £'000	Restricted Fund £'000	Total 2018 £'000	Total 2017 £'000
Income and Endowments from:					
Donations and Legacies	3	20	3	23	22
Charitable Activities					
-Provision of Leisure and Cultural Activities	4	4,870	869	5,739	5,794
-Contract with Falkirk Council		11,316	117	11,433	11,934
Other Trading Activities	5	1,803	-	1,803	1,771
Investments	6	13	-	13	6
Total Income		18,022	989	19,011	19,527
Expenditure on:					
Raising Funds		1,442	-	1,442	1,502
Charitable Activities	7	16,485	1,049	17,534	17,424
Total Expenditure		17,927	1,049	18,976	18,926
Net Income/(Expenditure)		95	(60)	35	601
Transfers between funds	17	367	(367)	-	-
Net Movement in Funds		462	(427)	35	601
Fund Balances brought forward at 1 April 2017		1,553	588	2,141	1,540
Fund Balances carried forward to 31 March 2018	15-18	2,015	161	2,176	2,141

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

**CHARITY STATEMENT OF COMPREHENSIVE INCOME
(INCORPORATING THE CHARITY INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Unrestricted Fund £'000	Restricted Fund £'000	Total 2018 £'000	Total 2017 £'000
Income and Endowments from:					
Donations and Legacies	3	20	3	23	22
Charitable Activities					
- Provision of Leisure and Cultural Activities	4	4,870	869	5,739	5,794
- Contract with Falkirk Council		11,316	117	11,433	11,934
Investments	6	374	-	374	275
Total Income		16,580	989	17,569	18,025
Expenditure On:					
Charitable activities	7	16,485	1,049	17,534	17,424
Total Expenditure		16,485	1,049	17,534	17,424
Net Income/(Expenditure)		95	(60)	35	601
Transfers between Funds	17	367	(367)	-	-
Net Movement in Funds		462	(427)	35	601
Fund Balances brought forward at 1 April 2017		1,553	588	2,141	1,540
Fund Balances carried forward to 31 March 2018	15-18	2,015	161	2,176	2,141

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018**

Company No.: SC400657

	Note	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Fixed Assets					
Tangible assets	10-11	216	216	214	214
Current Assets					
Stocks	12	90	-	73	-
Debtors	13	345	369	298	281
Cash in Hand		3,664	3,649	3,598	3,586
		<u>4,099</u>	<u>4,018</u>	<u>3,969</u>	<u>3,867</u>
Current Liabilities					
Creditors : amounts falling due in one year	14	2,139	2,058	2,042	1,940
Net current Assets		<u>1,960</u>	<u>1,960</u>	<u>1,927</u>	<u>1,927</u>
Net Assets		<u>2,176</u>	<u>2,176</u>	<u>2,141</u>	<u>2,141</u>
Unrestricted Funds					
Unrestricted Income Funds		2,015	2,015	1,553	1,553
		<u>2,015</u>	<u>2,015</u>	<u>1,553</u>	<u>1,553</u>
Restricted Funds					
Grant and Other Funding	18	161	161	221	221
Helix Funding	17	-	-	367	367
		<u>161</u>	<u>161</u>	<u>588</u>	<u>588</u>
TOTAL FUNDS		<u>2,176</u>	<u>2,176</u>	<u>2,141</u>	<u>2,141</u>

The financial statements were approved and authorised for issue by the Board on 30th August 2018 and signed on its behalf by:

Ruth Morrison
Chair of the Board
Falkirk Community Trust

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Total 2018 £'000	Total 2017 £'000
Operating Activities			
Net Income/(Expenditure)		35	601
Adjustments	19a	38	95
Working Capital Movements	19b	33	2,227
Cashflow from Operating Activities		106	2,923
Investing Activities			
Purchases of property, plant and equipment		(61)	(23)
Proceeds from sale of property, plant and equipment		8	18
Interest Received		13	6
Cashflow from Investing Activities		(40)	1
Net Change in Cash and Cash Equivalents		66	2,924
Cash and Cash Equivalents at 1 April	19c	3,598	674
Cash and Cash Equivalents at 31 March	19c	3,664	3,598

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2018**

1. Statutory Information

Falkirk Community Trust Limited is a charitable company limited by guarantee and incorporated in Scotland with registration number SC400657. The registered office is Suite 1A, The Falkirk Stadium, 4 Stadium Way, Falkirk, FK2 9EE.

2. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost basis of accounting, and in accordance with applicable accounting standards. The financial statements are set out so as to comply with FRS 102, the Charities SORP (FRS 102) and the Companies Act 2006.

Basis of Preparation – Going Concern

The trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking Falkirk Community Trading Limited made up to 31 March 2018.

Funds

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

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

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

Incoming resources

Activities for generating income are accounted for when there is entitlement to the income, it is virtually certain that the income will be received and the income can be reliably measured.

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

Investment Income is accounted for on an accruals basis.

Capital Grants received are accounted for on an accruals basis.

Resources Expended

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

Creditors are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts.

Charitable expenditure comprises those costs incurred by the group in the delivery of its activities and services 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. These costs are allocated based on an estimate of the proportion of time that personnel spend on charitable activities.

NOTES TO THE ACCOUNTS (contd.)
YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

Costs of generating funds represents the costs which are associated with generating incoming resources from all sources other than from undertaking charitable activities. The main components of costs within this category are costs of fundraising trading, including cost of goods sold and other associated costs.

Stocks

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

Fixed Assets

Assets are capitalised only if they have an individual value of £1,000 or above. Assets are initially capitalised at purchase price plus any costs to bring to its current state.

Depreciation is provided on vehicles, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset evenly over their expected life of between 5-8 years. The assets are reviewed annually for impairment.

On incorporation, vehicles, plant and equipment were transferred from the Council at the cost of £1. These assets were revalued to their fair value after transfer.

Fixed Asset Investments

Investments are recognised at cost less any deemed impairment of value.

Taxation

The Charity is exempt from income tax by virtue of Section 505(1) Income and Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979.

Pensions

Falkirk Community Trust is a member of the Falkirk Pension Fund, a Local Government Pension Scheme, which is a defined benefit scheme and provides benefits based on final pensionable pay. As part of the Admission Agreement to the Scheme both Falkirk Community Trust and Falkirk Council agreed that assets of the Pension Fund in respect of Trust employees and former employees shall, at all times, be notionally allocated to Falkirk Council and the liabilities of the Pension Fund shall, at all times, be the responsibility of Falkirk Council and not Falkirk Community Trust. As a consequence of this agreement there is no requirement to disclose pension assets and liabilities in the accounts of Falkirk Community Trust.

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are discounted where the time value of money is material. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less. In the cash-flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the statement of financial position.

3. Donations and Legacies

	Unrestricted Fund £'000	Restricted Fund £'000	2018 £'000	2017 £'000
Other Donations	20	3	23	22
	23	3	23	22

NOTES TO THE ACCOUNTS (contd.)
YEAR ENDED 31 MARCH 2018

4. Income from provision of Leisure and Cultural Activities

	Unrestricted Fund £'000	Restricted Fund £'000	Total 2018 £'000	Total 2017 £'000
Fees, Charges & Admissions	4,463	16	4,479	4,298
Sales	51	4	55	53
Grant Income	-	843	843	1,030
Rental Income	73	-	73	80
Miscellaneous Income	283	6	289	333
	4,870	869	5,739	5,794

5. Income from Other Trading Activities

The wholly owned trading subsidiary Falkirk Community Trading Limited, which is registered in Scotland – Company Number SC400658 - pays any profits to the charity. The Trading Company operates all the catering and retail operations carried out at the premises managed by the Charity. The Registered Office is located at Suite 1A, The Falkirk Stadium, 4 Stadium Way, Falkirk, FK2 9EE. A summary of the trading results is shown below.

	Total 2018 £'000	Total 2017 £'000
Turnover	1,803	1,771
Cost of sales and administration costs	(1,803)	(1,771)
Net profit/(loss) on ordinary activities before taxation	-	-
Taxation on profit/(loss) on ordinary activities	-	-
Profit/(loss) for the period	-	-
The assets and liabilities of the Trading Company are:		
Current Assets	114	112
Current Liabilities	(114)	(112)
Net Current Assets	-	-
Net Assets	-	-

6. Investment Income

	2018 £'000	2017 £'000
Charitable Donation from Subsidiary	361	269
Bank and other interest	13	6
	374	275

7. Costs of providing Leisure and Cultural Activities

	Unrestricted Fund £'000	Restricted Fund £'000	Total 2018 £'000	Total 2017 £'000
Wages and salaries	7,976	326	8,302	8,333
Social security costs	577	34	611	628
Employer pension costs	1,471	54	1,525	1,517
Voluntary Severance	43	-	43	25
Apprenticeship Levy	40	2	42	-
Other Staff costs	181	14	195	179
Property Expenses	2,104	1	2,105	1,977
Transport Expenses	189	1	190	175
Supplies and Services	3,904	617	4,521	4,590
	16,485	1,049	17,534	17,424

NOTES TO THE ACCOUNTS (contd.)
YEAR ENDED 31 MARCH 2018

8. Auditor Remuneration

	2018	2017
	£'000	£'000
Audit Fees - Charity	8	9
- Trading Company	2	2
	10	11

9. Staff numbers and costs

The remuneration and associated costs of the company were:-

	Group	Charity	Group	Charity
	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Wages and salaries	8,899	8,302	8,889	8,333
Social security costs	637	611	652	628
Pension costs	1,621	1,525	1,607	1,517
Severance Costs	43	43	25	25
Apprenticeship Levy	45	42	-	-
Other Staff Costs	197	195	200	179
	11,442	10,718	11,373	10,682

Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands:-

	Group	Charity	Group	Charity
	2018	2018	2017	2017
	Number	Number	Number	Number
£60,000 - £70,000	-	-	-	-
£70,000 - £80,000	1	1	1	1
£80,000 - £90,000	-	-	-	-
£90,000 - £100,000	1	1	1	1

Pension costs in relation to those employees earning over £60,000 totalled £35,000 (2017: £34,000).

No member of the Board received remuneration from Falkirk Community Trust, Directors indemnity insurance or travel expenses.

Management Team Remuneration

	Group	Charity	Group	Charity
	2018	2018	2017	2017
	Number	Number	Number	Number
£50,000 - £60,000	3	3	3	3
£60,000 - £70,000	-	-	-	-
£70,000 - £80,000	1	1	1	1
£80,000 - £90,000	-	-	-	-
£90,000- £100,000	1	1	1	1
	5	5	5	5

NOTES TO THE ACCOUNTS (contd.)
YEAR ENDED 31 MARCH 2018

The average monthly full-time equivalent number of permanent/temporary employees of the company during the year was:

	Group 2018 Number	Charity 2018 Number	Group 2017 Number	Charity 2017 Number
Business Development	18	18	19	19
Parks & Recreation	28	28	28	28
Libraries	54	54	52	52
Arts	30	30	28	28
Heritage	6	6	8	8
Sport & Fitness	149	149	151	151
Helix	19	19	20	20
Trading Subsidiary	26	-	25	-
	330	304	331	306

* The figures above do not include Casual Seasonal staff

Average Employee Numbers	-	Full Time	2018	2017
	-	Part Time	188	209
		Total	<u>305</u>	<u>271</u>
			493	480

10. Tangible fixed assets

	Vehicles, Plant & Equipment £'000
<i>Cost or Valuation</i>	
At 1 April 2017	546
Additions	61
Disposals	(24)
At end of year	<u>583</u>
<i>Depreciation</i>	
At 1 April 2017	332
Charge for the year	55
Disposals	(20)
At end of year	<u>367</u>
<i>Net Book Value</i>	
At 31 March 2018	<u>216</u>
At 31 March 2017	<u>214</u>

NOTES TO THE ACCOUNTS (contd.)
YEAR ENDED 31 MARCH 2018

11. Fixed asset investments

The company owns 100% of the ordinary share capital of Falkirk Community Trading Limited, a company registered in the United Kingdom. The value of the investment is £1 (2017 - £1).

12. Stock

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Stock	90	-	73	-

13. Debtors

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Trade debtors	147	139	166	149
Due from Subsidiary Undertaking	-	32	-	-
VAT	107	107	90	90
Prepayments and accrued income	91	91	42	42
	345	369	298	281

14. Creditors : amounts falling due within one year

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Trade creditors	411	351	440	346
Amounts due to related parties	1,010	1,001	985	989
Social security costs and other taxes	142	132	151	142
Annual Leave accrual	222	222	184	184
Other creditors and accruals	354	352	282	279
	2,139	2,058	2,042	1,940

Included in other creditors and accruals is £112,000 (2017 - £73,000) of deferred income. This relates to payments in advance for events occurring post year end.

NOTES TO THE ACCOUNTS (contd.)
YEAR ENDED 31 MARCH 2018

15. Reconciliation of Movements in Funds

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Surplus for the Period	35	35	601	601
Revaluation carried out in the period	-	-	-	-
Net addition to funds	35	35	601	601
Opening Funds	2,141	2,141	1,540	1,540
Closing Funds	2,176	2,176	2,141	2,141

16. Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 March 2018 are represented by:			
Tangible Fixed Assets	216	-	216
Current Assets	3,777	322	4,099
Current Liabilities	(1,978)	(161)	(2,139)
	2,015	161	2,176

17. Summary of Movement in Funds

	Fund Balances Brought Forward £'000	Incoming Resources £'000	Resources Expended £'000	Surplus/ (Deficit) £'000	Transfers In £'000	Transfers Out £'000	Fund Balances Carried Forward £'000
Unrestricted Funds	1,553	18,022	(17,927)	95	367	-	2,015
Restricted Funds	221	989	(1,049)	(60)	-	-	161
Helix Funds	367	-	-	-	-	(367)	-
	2,141	19,011	(18,976)	35	367	(367)	2,176

Unrestricted Funds

Unrestricted Funds can be used at the discretion of the Board of Trustees in furtherance of the objects of the Trust.

Restricted Fund

The Restricted Fund represents funds received from external organisations for specific purposes. Further detail is given in Note 18.

Helix Fund

Helix funds were transferred to unrestricted reserve during the year following Board approval that they could now be deemed as unrestricted.

NOTES TO THE ACCOUNTS (contd.)
YEAR ENDED 31 MARCH 2018

18. Restricted Grant Funds

Analysis by fund of amounts received during the year and where the fund balance at 31 March 2018 is greater than £20,000.

Sufficient resources are held to enable each fund to be applied in accordance with any restrictions. Transfers between funds are not performed.

	Fund Balance Brought Forward £'000	Incoming Resources £'000	Resources Expended £'000	Fund Balances Carried Forward £'000
Hippodrome Festival	-	77	(65)	12
Youth Music Initiative	43	174	(199)	18
Active Schools	23	326	(325)	24
Muiravonside Park Projects	14	36	(39)	11
Callendar Park Projects	29	49	(58)	20
Helix Events	43	50	(85)	8
Libraries – Carewords Project	-	31	-	31
Others	69	100	(132)	37
	221	843	(903)	161

Hippodrome Festival

Creative Scotland Grant given for the Silent Film Festival programme held at the Hippodrome Cinema.

Youth Music Initiative

Creative Scotland Grant for the development of music within schools.

Active Schools

Falkirk Council funding to provide the delivery of the Active Schools Programme.

Muiravonside Park Projects

Another tranche of the Heritage Lottery Funded grant for developing Muiravonside Country Park was received during the year, along with remaining payments from Groundworks grants for improvements to play equipment in the park

Callendar Park Projects

EB Scotland (£30,000) and Leader (£19,000) was given for a number of projects within Callendar Park. They include installation of a new natural play trail, upgrade to the existing play area and path improvements.

Helix Events

Events Scotland/Visit Scotland provided £30,000 to host the Fire & Light Event on New Years Day at the Helix. They have given further grant of £10,000 to host a STEM event in May in relation to the Year of Young People. £4,000 was received from Tesco to support the Big Helix Picnic event in August 2017.

Libraries – Carewords Project

Lottery Funding of £91,500 (the first tranche of which was received in March 2018) was secured for the Care Words project which will, through a volunteer led support model, help reduce the isolation and loneliness experiences by older people in day and residential care settings. The project covers a three-year period and will commence in April 2018.

**NOTES TO THE ACCOUNTS (contd.)
YEAR ENDED 31 MARCH 2018**

19. Notes to the cashflow statement

	Total 2018 £'000	Total 2017 £'000
(a) Adjustments		
Depreciation	56	92
(Gain)/Loss on Disposal of Assets	(5)	9
Interest Received	(13)	(6)
	38	95

	Total 2018 £'000	Total 2017 £'000
(b) Working Capital Movements		
(Increase)/Decrease in Stocks	(17)	(8)
(Increase)/Decrease in Debtors	(47)	1,769
Increase/(Decrease) in Creditors	97	466
	33	2,227

	Total 2018 £'000	Total 2017 £'000
(c) Cash Balances		
Cash at bank and in hand	3,664	3,598
Bank Overdraft	-	-
Total Cash and Cash Equivalents	3,664	3,598

20. Pension Scheme

Employees of the company are members of Falkirk Council Pension Fund. Contributions in the period relating to those employees amounted to £1.621m and the amount of outstanding contributions at the 31 March 2018 amounted to £0.164m.

The fund is valued every three years by a professionally qualified independent actuary using the projected unit method to determine the rates of contribution payable. Unless the actuary directs otherwise, the contribution rate set for Falkirk Community Trust will be the same rate as payable by Falkirk Council. In the period to 31 March 2018 the employer contribution rate was 21.5%.

NOTES TO THE ACCOUNTS (contd.)
YEAR ENDED 31 MARCH 2018

21. Related Party Transactions

The group is related to Falkirk Council by virtue of Falkirk Councillors being Directors of the company. The group is contracted to provide recreation and leisure services by Falkirk Council. In the year to 31 March 2018, Falkirk Council made a payment of £11.433m to the group and leased the facilities occupied by the company for a peppercorn rent.

At 31 March 2018, Falkirk Council owed the group £51,000 and the group owed Falkirk Council £1.061m (including amounts due to Falkirk Council Pension Fund) in relation to normal trading activities. This has been set-off and the creditor in the accounts totals £1.010m. As part of the Funding Agreement with Falkirk Council, the Trust agreed to enter into service level agreements for a period of three years for services provided by the Council to the Trust. The cost of these services, such as finance services, human resources, and facilities management was £1.049m.

The Trust is related to Falkirk Community Trading Limited by virtue of the Trust being the parent company. The Trust has taken advantage of the exemption under Financial Reporting Standard No 8 "Related Party Transactions" from disclosing transactions with Falkirk Community Trading Limited on the grounds that it is a wholly owned subsidiary consolidated within the Trust's group accounts. At 31 March 2018, Falkirk Community Trading owed £31,700 (2017 - £10,000 was due from) to Falkirk Community Trust Limited representing amounts due in respect of the trading activities of the subsidiary undertaking.

During the period the following five elected members from Falkirk Council served on the Board: Councillors William Buchanan, Lorna Binnie, Joan Coombes, Jim Flynn and Cecil Meiklejohn. No Director received any remuneration in their roles as Directors.

22. Contingent Liability

In consideration of Falkirk Council transferring consumable assets and equipment such as library books, sports equipment and office furniture to Falkirk Community Trust, the Company agreed to assume a debt to the value of £5m indexed annually. This debt would only be payable on the expiry or termination of the Funding Agreement with Falkirk Council and would be adjusted by any consumable assets and equipment transferring back to Falkirk Council.

23. Ultimate Controlling Party

Falkirk Community Trust Limited and its trading subsidiary, Falkirk Community Trading Limited are controlled by the Board of Directors of Falkirk Community Trust Limited.

