



**Falkirk Community Trust Limited**

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report and  
financial  
statements

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**2014**



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## REFERENCE AND ADMINISTRATIVE INFORMATION

### Falkirk Community Trust Limited

<b>Directors</b>	Ian Scott (Chair) Ann Cowen Councillor Dennis Goldie (Vice Chair) Councillor Linda Gow Alex McQuade Ruth Morrison Richard Murphy Councillor Malcolm Nicol Councillor Joan Paterson Councillor Adrian Mahoney Councillor Pat Reid Simon Rennie Robert Tait	(Re-appointed 30 <sup>th</sup> May 2013) (Re-appointed 30 <sup>th</sup> May 2013) (Appointed 28 <sup>th</sup> June 2012) (Re-appointed 28 <sup>th</sup> October 2013) (Re-appointed 30 <sup>th</sup> May 2013) (Appointed 30 <sup>th</sup> August 2012) (Appointed 30 <sup>th</sup> May 2013) (Re-appointed 28 <sup>th</sup> June 2013) (Resigned 8 <sup>th</sup> July 2014) (Appointed 8 <sup>th</sup> July 2014) (Re-appointed 28 <sup>th</sup> June 2013) (Re-appointed 7 <sup>th</sup> November 2013) (Re-appointed 30 <sup>th</sup> May 2013)
<b>Chief Executive</b>	Maureen Campbell	
<b>Company Secretary</b>	Jane Clark	
<b>Registered Office</b>	Suite 1A The Falkirk Stadium 4 Stadium Way Falkirk FK2 9EE	
<b>Auditors</b>	Baker Tilly UK Audit LLP Breckenridge House 274 Sauchiehall Street Glasgow G2 3EH	
<b>Solicitors</b>	Shepherd & Wedderburn 191 West George Street Glasgow G2 2LB	
<b>Bankers</b>	Clydesdale Bank 1 Bank Street Falkirk FK1 1NB	
<b>Charity number</b>	SC042403	
<b>Company number</b>	SC400657	

### ***Main activity***

The purpose of the company 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 areas' environment and heritage and encouraging others to visit the area.

### ***Business objectives***

For the period 2011 – 2015 the objectives of the company are:

- To ensure existing services are delivered effectively;
- To generate increased uptake of services and reduce the net cost per user;
- To develop a better understanding of our customers and improve our marketing activity;
- To embed integrity, equality of opportunity, and social and environmental responsibility into how we undertake our business;
- To manage an organisational transition to produce an effective Trust, that maintains and enhances relationships; and
- To create a positive working environment where staff use their skills and expertise to deliver valued contributions to the Trust.

### ***Risk Management***

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

### ***Achievements and Performance***

Having put in place the necessary foundations for the Trust over the last two years our third year has begun to see a change agenda forming with a number of positive new results and introduction of new activities. Despite the impact of a reducing funding profile we have been able to maintain progress across our business as well as secure some major firsts for the Falkirk area.

Highlights included Callendar House securing an elusive 5 star award from Visit Scotland for the first time and Falkirk winning Creative Scotland's Creative Place award for communities under 100,000 people. Our fundraising was particularly successful and we were awarded £500,000 from competitive grant making bodies much of which will flow through into next financial year.

We reviewed our concessionary offering across the Trust and after benchmarking with others decided we could do better. We created a new concessionary card system which is more generous both in terms of activities offered and who is eligible. Aligned to accessible charges, an overall uplift in usage of the card is expected to generate increased income in 2014/15. During 2013/14 we supported 120,779 admissions to paid activity across all our venues via anti-poverty and health concessions, an increase of 9%.

## STRATEGIC REPORT

Growing our customer base is a vital element of our growth strategy through income generation. At £5.38m we generated an increase of 18% on last year and customer income represented 30% of our total income received. Our efforts to modernise and improve our health & fitness offer yielded a 31% increase in related income. Growth in the fitness class programme, continued refurbishment and the resultant increased usage at the Mariner Centre following our investment in an extension last year, all contributed. Following comparative analysis we decided to freeze our membership prices for the 3<sup>rd</sup> consecutive year and along with three promotional campaigns over the year continued to grow our membership numbers. With over 205,000 admissions during the year across all three venues admissions were up by 30%.

We attracted 1,091,833 admissions to sports centres and pools, a 3% increase on last year however overall growth has slowed from the previous year. Strong performance was achieved at Grangemouth Sport Stadium, up by 12% and our 7 Neighbourhood Sports Centres up by 7%. Our young people's programmes delivered through Sports Development and Active School teams performed very well with an increase in both programme delivered and places booked.

Services for young people are a priority and across all our services, programmes, classes or workshops there were 797,029 admissions, up by over 3% on last year.

Better weather in the summer of 2013 meant that golf course performance was much improved with an 18% increase in rounds of golf played at our 2 venues. This also had an impact on park amenities which reported an admissions increase of 15% on the previous season.

Heritage services performed well and at 32,343 visits to our 2 main venues – Callendar House and Kinneil Museum – an overall increase of 8% making Callendar House the busiest it's been. Heritage workshops also performed well and we increased access to our collections with themed reminiscence boxes containing a selection of objects proving very popular with audiences in care homes throughout the area. Despite some very successful targeted programmes delivered through the arts development team, admissions to all 3 arts venues declined on last year. An increased focus on marketing and the use of our libraries for events began to reverse the declining trend in library use for the first time in many years with visits to libraries up by 11,047. An increase in the number and range of children's events held in libraries contributed to this increase and participation in events was up by 28% on last year.

### ***Financial Review***

The Group's financial results for the year 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014 are shown on page 11. This shows a surplus on unrestricted funds of £11,000. After applying £71,000 from the revaluation reserve, the unrestricted fund has increased to £296,000 (£214,000 as at 31<sup>st</sup> March 2013).

The Trust's wholly owned subsidiary, Community Trust Trading Limited, achieved a breakeven position for the period to 31<sup>st</sup> March 2014. The principal activity of the trading company is the provision of catering and retail services.

### ***Plans for the Future***

Towards the end of the year we developed a Business Case for expanding our gym facility offer and very much welcome the Council's commitment to investing c£1m in our plans through their 'spend to save' initiative. This project is planned for a 2015 opening in Stenhousemuir Town Centre.

The downturn in admissions at the Hippodrome will require us to make sure that we are maintaining an effective balance of the popular and accessible with arthouse screenings appealing to a wide ranging audience. We will work with Falkirk Council on forward plans for redevelopment of Falkirk Town Hall (FTH) as part of their Municipal Buildings project. Although this project may take time to come to fruition, a new Arts venue for the area would be very welcome and would help address many of the issues that constrain the customer and performer experiences at FTH.

We received constructive feedback from the Heritage Lottery Fund on a funding bid for Callendar House and Stables and as a result will be looking to develop a Master Plan for the House and Park as precursor to further dialogue on funding. Securing funding and working more effectively in partnership are drivers for much of our planning for the future across all the Trusts constituent disciplines. We will continue this with a focus on a Master Plan for Kinneil Estate, a Management Plan for Muiravonside Country Park, a Development Plan for Libraries and Delivery Plans for Physical Activity & Wellbeing, the development of Sport and the Arts & Public Art.

## STRATEGIC REPORT

Our 5 year Business Strategy highlights investment in IT as one of the priorities for business improvement, particularly to support more effective marketing and customer knowledge as well as provide a much improved customer experience. We will begin through investing in a new Library Management System. Work will continue to ensure that we make best use of the systems we have, however a priority is to improve our electronic point of sales systems and we will need to seek capital investment to do this.

Following positive dialogue with SportsScotland we will lead a project to refurbish Grangemouth Stadium and track with their funding support and legacy investment from the Commonwealth Games. This will add significantly to Falkirk Council's capital investment of £500,000.

The Trust looks forward to a very busy year ahead. We will be delivering 'Memorial, Reflection, Restoration' a programme to commemorate WW1, operating the first season of the iconic Helix Park and Kelpies and seeking to build on the legacy of the Commonwealth Games as well as contributing to the Year of Homecoming. However this high profile activity will not deflect us from our core daily business of delivering culture and sport in our venues across the Falkirk area.



Ian Scott  
Chair of the Board  
Falkirk Community Trust

Date: 21 August 2014

## DIRECTORS' REPORT

### 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 SC 042403. The charitable company was incorporated on 31<sup>st</sup> May 2011 and began to trade on 1<sup>st</sup> 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*

Falkirk Community Trust's board consists of twelve directors. Six 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.

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. One co-opted Director was appointed to the Board in November 2012 for a period of 12 months. 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 period can be found on page 2.

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

#### *Trading Subsidiary*

A wholly owned trading subsidiary, Falkirk Community Trading Limited, is established to govern those activities which are not recognised as charitable. It has a board of 3 directors drawn from the Trust's board and executive management. The Director details are as follows:

Ann Cowen (Chair)

Maureen Campbell

Ian Scott

Chris Morris

(Appointed 17<sup>th</sup> July 2014)

Clive Ramsay

(Appointed 17<sup>th</sup> July 2014)

#### *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](http://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.

#### *Reserves Policy*

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 £240,000 and £340,000. The unrestricted reserve at 31 March 2014 was £296,000.

#### *Employees*

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



## DIRECTORS' REPORT

### **Auditors**

Baker Tilly UK Audit LLP carried out the final year of a 3 year contract. Auditors for 2014/15 have still to be appointed, subject to tender.

### ***Information for Auditors***

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



Ian Scott  
Chair of the Board  
Falkirk Community Trust

Date: 21 August 2014

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Falkirk Community Trust Limited for the purposes of company law) are responsible for preparing the Strategic Report and the Trustees' Annual 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 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 TRUSTEES AND MEMBERS OF FALKIRK COMMUNITY TRUST LIMITED

We have audited the group and parent charitable company's financial statements of Falkirk Community Trust Limited for the year ended 31 March 2014 on pages 11 to 23. 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 exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees', as a body, in accordance with section 44(1)(c) of the Charities and 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 members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion 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 audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2014 and of the group's and parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 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 Strategic Report and the Trustees' Annual 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 parent 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



KELLY ADAMS (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Breckenridge House  
274 Sauchiehall Street  
Glasgow  
G2 3EH

Date 5/9/14.

BAKER TILLY UK AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**GROUP STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING A GROUP INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	Unrestricted Fund £'000	Restricted Fund £'000	Total 2014 £'000	Total 2013 £'000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Investment Income	2	16	-	16	27
<i>Activities for generating funds</i>					
Commercial Trading Activities	3	870	-	870	842
<i>Incoming resources from charitable activities</i>					
Provision of Leisure and cultural facilities	4	3,811	1,382	5,193	4,612
Contract with Falkirk Council		12,060	79	12,139	12,257
<b>Total incoming resources</b>		<b>16,757</b>	<b>1,461</b>	<b>18,218</b>	<b>17,738</b>
<b>Resources Expended</b>					
<i>Cost of Generating Funds</i>					
Commercial Trading Activities	3	946	-	946	908
<i>Charitable activities</i>					
Provision of Leisure and cultural facilities	5	15,786	1,262	17,048	16,800
<i>Governance</i>	6	14	-	14	12
<b>Total resources expended</b>		<b>16,746</b>	<b>1,262</b>	<b>18,008</b>	<b>17,720</b>
<b>Net incoming resources before other recognised gains and losses</b>					
		<b>11</b>	<b>199</b>	<b>210</b>	<b>18</b>
<b>Other recognised gains and losses</b>					
Gains on revaluation of fixed assets for Charity's own use		-	-	-	105
<b>Net Movement in Funds</b>					
		<b>11</b>	<b>199</b>	<b>210</b>	<b>123</b>
<b>Fund Balances brought forward at 1 April 2013</b>					
	13-15	<b>514</b>	<b>228</b>	<b>742</b>	<b>619</b>
<b>Fund Balances carried forward to 31 March 2014</b>					
	13-15	<b>525</b>	<b>427</b>	<b>952</b>	<b>742</b>

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 FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	Unrestricted Fund £'000	Restricted Fund £'000	Total 2014 £'000	Total 2013 £'000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Investment Income	2	16	-	16	27
<i>Incoming resources from charitable activities</i>					
Provision of Leisure and cultural facilities	4	3,811	1,382	5,193	4,612
Contract with Falkirk Council		11,984	79	12,063	12,191
<b>Total incoming resources</b>		<b>15,811</b>	<b>1,461</b>	<b>17,272</b>	<b>16,830</b>
<b>Resources Expended</b>					
<i>Charitable activities</i>					
Provision of Leisure and cultural facilities	5	15,786	1,262	17,048	16,800
<i>Governance</i>	6	14	-	14	12
<b>Total resources expended</b>		<b>15,800</b>	<b>1,262</b>	<b>17,062</b>	<b>16,812</b>
<b>Net incoming resources before other recognised gains and losses</b>					
		<b>11</b>	<b>199</b>	<b>210</b>	<b>18</b>
<b>Other recognised gains and losses</b>					
Gains on revaluation of fixed assets for Charity's own use		-	-	-	105
<b>Net Movement in Funds</b>		<b>11</b>	<b>199</b>	<b>210</b>	<b>123</b>
<b>Fund Balances brought forward at 1 April 2013</b>	13-15	<b>514</b>	<b>228</b>	<b>742</b>	<b>619</b>
<b>Fund Balances carried forward to 31 March 2014</b>	13-15	<b>525</b>	<b>427</b>	<b>952</b>	<b>742</b>

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

**GROUP BALANCE SHEET  
AT 31 MARCH 2014**

Company No.: SC400657

	Note	Group 2014 £'000	Charity 2014 £'000	Group 2013 £'000	Charity 2013 £'000
<b>Fixed Assets</b>					
Tangible assets	8/9	394	394	377	377
<b>Current Assets</b>					
Stocks	10	47	12	51	13
Debtors	11	161	173	181	205
Cash in Hand		1,957	1,947	1,400	1,388
		<u>2,165</u>	<u>2,132</u>	<u>1,632</u>	<u>1,606</u>
<b>Current Liabilities</b>					
Creditors : amounts falling due in one year	12	1,607	1,574	1,267	1,241
<b>Net current assets</b>		<u>558</u>	<u>558</u>	<u>365</u>	<u>365</u>
<b>Net assets</b>		<u>952</u>	<u>952</u>	<u>742</u>	<u>742</u>
<b>Unrestricted Funds</b>					
Unrestricted Income Funds		296	296	214	214
Revaluation Reserve		229	229	300	300
		<u>525</u>	<u>525</u>	<u>514</u>	<u>514</u>
<b>Restricted Funds</b>					
Grant and Other Funding	16	326	326	228	228
Helix Funding		101	101	-	-
		<u>427</u>	<u>427</u>	<u>228</u>	<u>228</u>
<b>TOTAL FUNDS</b>	13-16	<u>952</u>	<u>952</u>	<u>742</u>	<u>742</u>

The financial statements were approved and authorised for issue by the Board on 21 August 2014 and signed on its behalf by:

  
 Ian Scott  
 Chair of the Board  
 Falkirk Community Trust

<b>GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014</b>
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	Note	2014 £'000	2013 £'000
<b>Net cash inflow from operating activities</b>	17a	643	312
<b>Returns on investments and servicing of finance</b>			
Interest received		16	27
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(102)	(77)
<b>Increase in cash in the year</b>	17b	557	262



## NOTES

### 1. 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 the Statement of Recommended Practice: Accounting and Reporting by Charities approved by the Accounting Standards Board in April 2005, the Charities and Trustee Investment (Scotland) Act 2005 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 2014.

#### **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.

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.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the group and include the audit fees.

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.

## NOTES (contd.)

### 1. Accounting policies (continued)

#### 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 transferred from the Council are included in the Balance Sheet at fair value and revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end but as a minimum every five years with an interim review carried out in the third year. All other assets are held at cost. Depreciation is provided on motor vehicles 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.

#### 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.

### 2. Investment Income

	2014 £'000	2013 £'000
Bank and other interest	16	27

## NOTES (contd.)

### 3. Incoming Resources from Activities Generating Funds

The wholly owned trading subsidiary Falkirk Community Trading limited, which is registered in Scotland, pays any profits to the charity by gift aid. The Trading Company operates all the catering and retail operations carried out at the premises managed by the Charity. A summary of the trading results is shown below.

	<b>Total 2014 £'000</b>	<b>Total 2013 £'000</b>
Turnover	870	842
Contract with Falkirk Council	76	66
Cost of sales and administration costs	(946)	(908)
<b>Net profit/(loss) on ordinary activities before taxation</b>	-	-
Taxation on profit/(loss) on ordinary activities	-	-
<b>Profit/(loss) for the period</b>	-	-
<b>The assets and liabilities of the Trading Company are:</b>		
Current Assets	50	55
Current Liabilities	(50)	(55)
<b>Net Current Liabilities</b>	-	-
<b>Reserves</b>	-	-

### 4. Income from provision of Leisure and Cultural Activities

	<b>Unrestricted Fund £'000</b>	<b>Restricted Fund £'000</b>	<b>Total 2014 £'000</b>	<b>Total 2013 £'000</b>
Fees, Charges & Admissions	3,394	430	3,824	3,240
Sales	267	235	502	232
Grant Income	-	703	703	941
Rental Income	26	-	26	30
Miscellaneous Income	124	14	138	169
	<b>3,811</b>	<b>1,382</b>	<b>5,193</b>	<b>4,612</b>

### 5. Costs of providing Leisure and Cultural Activities

	<b>Unrestricted Fund £'000</b>	<b>Restricted Fund £'000</b>	<b>Total 2014 £'000</b>	<b>Total 2013 £'000</b>
Wages and salaries	8,153	659	8,812	8,522
Social security costs	468	31	499	495
Employer pension costs	1,262	83	1,345	1,205
Property Expenses	2,114	5	2,119	2,198
Transport Expenses	173	1	174	131
Supplies and Services	3,616	483	4,099	4,249
	<b>15,786</b>	<b>1,262</b>	<b>17,048</b>	<b>16,800</b>

**NOTES (contd.)**

**6. Governance**

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Audit Fees	14	12

**7. Staff numbers and costs**

The remuneration and associated costs of the company were:-

	<b>Group 2014 £'000</b>	<b>Charity 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>Charity 2013 £'000</b>
Wages and salaries	9,286	8,812	8,931	8,522
Social security costs	515	499	509	495
Pension costs	1,405	1,345	1,257	1,205
	<b>11,206</b>	<b>10,656</b>	<b>10,697</b>	<b>10,222</b>

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

	<b>Group 2014 Number</b>	<b>Charity 2014 Number</b>	<b>Group 2013 Number</b>	<b>Charity 2013 Number</b>
£60,000 - £70,000	1	1	1	1
£70,000 - £80,000	-	-	-	-
£80,000 - £90,000	-	-	-	-
£90,000 - £100,000	1	1	1	1

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

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

	<b>Group 2014 Number</b>	<b>Charity 2014 Number</b>	<b>Group 2013 Number</b>	<b>Charity 2013 Number</b>
Business Development	22	22	21	21
Parks & Recreation	50	50	48	48
Libraries	64	64	66	66
Arts	23	23	23	23
Museums	23	23	22	22
Sport & Leisure	135	135	142	142
Helix	5	5	-	-
Trading Subsidiary	22	0	22	-
	<b>344</b>	<b>322</b>	<b>344</b>	<b>322</b>

\* The figures above do not include Casual Seasonal staff

**NOTES (contd.)**

**8. Tangible fixed assets**

	<b>Motor Vehicles £'000</b>
<i>Cost or Valuation</i>	
At 1 April 2013	446
Additions	102
Disposals	(5)
At end of year	543
 <i>Depreciation</i>	
At 1 April 2013	69
Charge for the year	80
At end of year	149
 <i>Net Book Value</i>	
At 31 March 2014	394
At 31 March 2013	377

**9. Fixed asset investments**

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

**10. Stock**

	<b>Group 2014 £'000</b>	<b>Charity 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>Charity 2013 £'000</b>
Stock	47	12	51	13

**11. Debtors**

	<b>Group 2014 £'000</b>	<b>Charity 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>Charity 2013 £'000</b>
Trade debtors	99	94	70	65
Due from Subsidiary Undertaking	-	17	-	29
VAT	7	7	-	-
Prepayments and accrued income	55	55	111	111
	161	173	181	205

**12. Creditors : amounts falling due within one year**

	<b>Group 2014 £'000</b>	<b>Charity 2014 £'000</b>	<b>Group 2013 £'000</b>	<b>Charity 2013 £'000</b>
Trade creditors	337	318	484	469
Amounts due to related parties	913	906	300	294
Social security costs and other taxes	144	137	200	197
Other creditors and accruals	213	213	283	281
	1,607	1,574	1,267	1,241

## NOTES (contd.)

### 13. Reconciliation of Movements in Funds

	Group 2014 £'000	Charity 2014 £'000	Group 2013 £'000	Charity 2013 £'000
Surplus for the Period	210	210	18	18
Revaluation carried out in the period	-	-	105	105
Net addition to funds	210	210	123	123
Opening Funds	742	742	619	619
<b>Closing Funds</b>	<b>952</b>	<b>952</b>	<b>742</b>	<b>742</b>

### 14. Analysis of net assets between funds

	Unrestricted Funds £'000	Revaluation Reserve £'000	Restricted Funds £'000	Total £'000
<b>Fund balances at 31 March 2014 are represented by:</b>				
Tangible Fixed Assets	139	229	26	394
Current Assets	1,764	-	401	2,165
Current Liabilities	(1,607)	-	-	(1,607)
	<b>296</b>	<b>229</b>	<b>427</b>	<b>952</b>

### 15. Summary of Movement in Funds

	Fund Balance Brought Forward £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Fund Balances Carried Forward £'000
Unrestricted Funds	214	16,757	(16,746)	71	296
Revaluation Reserve	300	-	-	(71)	229
Restricted Funds (Note 16)	228	811	(713)	-	326
Helix Funds	-	650	(549)	-	101
	<b>742</b>	<b>18,218</b>	<b>(18,008)</b>	<b>-</b>	<b>952</b>

#### Unrestricted Funds

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

#### Revaluation Reserve

The Revaluation Reserve represents the fair value of assets transferred from Falkirk Council included in the Balance Sheet. Transfers from this Reserve represent the annual depreciation charge of those assets to reflect the current value.

#### Restricted Fund

The Restricted Fund represents funds received from external organisations for specific purposes. Further detail is given in Note 16.

#### Helix Fund

The Helix Fund represents funding given for the operations of the Helix site. Any money unspent is to be carried forward and ring-fenced as outlined by the funder.

## NOTES (contd.)

### 16. Restricted Funds

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	-	25	(25)	-
Youth Music Initiative	117	196	(173)	140
Active Schools	-	398	(361)	37
Cashback for Communities	26	-	-	26
Fairer Scotland Fund	-	39	(39)	-
Kinneil Museum Refurbishment	-	22	(5)	17
Swimming Programme	27	12	(3)	36
Scottish Football Association	11	28	(28)	11
Others	47	91	(79)	59
	<b>228</b>	<b>811</b>	<b>(713)</b>	<b>326</b>

#### **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.

#### **Cashback for Communities**

Funding provided to enable repairs and improvements to Sports Pavilions working alongside people from the Criminal Justice system.

#### **Fairer Scotland Fund**

Falkirk Council funding for Sport for Youth. This is used to engage young people to become more active in physical activities and diverting them from unsocial behaviour.

#### **Kinneil Museum Refurbishment**

Heritage Lottery funding given for the refurbishment of Kinneil Museum.

#### **Swimming Programme**

Scottish Swimming funding to enable children to obtain the lifeskill of being able to swim.

#### **Scottish Football Association**

SFA funding to provide support for football development within the Falkirk area.

**NOTES (contd.)**

**17. Notes to the Cash Flow Statement**

- (a) Reconciliation of net income for the year to net cash inflow from operating activities

	2014 £'000	2013 £'000
Net Incoming Resources for the year	210	18
Interest Received	(16)	(27)
Depreciation Charge for the year	80	69
Loss on Disposal	5	-
Decrease in Stocks	4	10
Decrease/(Increase) in Debtors	20	593
(Decrease)/Increase in Creditors	340	(351)
<b>Net cash inflow from operating activities</b>	<b>643</b>	<b>312</b>

- (b) Analysis of net debt

	At beginning of period £'000	Cashflows £'000	Other non- cash changes £'000	At end of period £'000
Cash at bank and in hand	1,400	557	-	1,957
Bank Overdrafts	-	-	-	-
	<b>1,400</b>	<b>557</b>	<b>-</b>	<b>1,957</b>

**18. Pension Scheme**

Employees of the company are members of Falkirk Council Pension Fund. Contributions in the period relating to those employees amounted to £1.405m and the amount of outstanding contributions at the 31 March 2014 amounted to £0.160m.

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 2014 the employer contribution rate was 20%.



## NOTES (contd.)

### 19. Related Party Transactions

Falkirk Community Trust is related to Falkirk Council by virtue of Falkirk Councillors being Directors of the company. Falkirk Community Trust is contracted to provide recreation and leisure services by Falkirk Council. In the year to 31 March 2014, Falkirk Council made a payment of £12.1m to the company and leased the facilities occupied by the company for a peppercorn rent.

At 31 March 2014, Falkirk Council owed the company £0.55m and the company owed Falkirk Council £1.463m (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 £0.913m. 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 £1.1m.

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 2014, Falkirk Community Trading owed £0.017m (2013: £0.029m) to Falkirk Community Trust Limited representing amounts due in respect of the trading activities of the subsidiary undertaking.

During the period the following six elected members from Falkirk Council served on the Board: Councillors Dennis Goldie, Linda Gow, Malcolm Nicol, Joan Paterson, Adrian Mahoney and Pat Reid. The nominated employee on the Board is Richard Murphy.

No Director received any remuneration in their roles as Directors.

### 20. 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.

