

Charity Registration No. SC040973

Company Registration No. SC350981 (Scotland)

SPORT ABERDEEN
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

SPORT ABERDEEN

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	F Dalgarno C Taylor A Dawson A Robertson G Edwards G Dickson G Lawrence G Cowie P Adderton A Donnelly A Forsyth	(Appointed 24 June 2015) (Appointed 2 March 2016) (Appointed 24 June 2015)
Secretary	Stronachs Secretaries Limited	
Charity number	SC040973	
Company number	SC350981	
Registered office	34 Albyn Place Aberdeen AB10 1FX	
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place ABERDEEN AB10 1YL	
Solicitors	Stronachs 34 Albyn Place Aberdeen AB10 1FW	
Chief Executive	A Robertson	

SPORT ABERDEEN

CONTENTS

	Page
Trustees' report	1 - 6
Statement of trustees' responsibilities	7
Independent auditor's report	8 - 9
Statement of financial activities	10
Balance sheet	11
Statement of cash flows	12
Notes to the accounts	13 - 29

SPORT ABERDEEN

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016

The trustees present their report and accounts for the year ended 31 March 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

Objectives and activities

"Our vision is to be the best sport and leisure Charitable Trust in Scotland by 2020, through creating opportunities, inspiring people and changing lives."

We will achieve this by becoming:

- The Brand of Choice

By providing value for money leisure opportunities that are accessible for all, providing high quality customer services.

- The Provider of Choice

By providing a flexible business model with the capacity for growth and diversification.

- The Employer of Choice

By providing an environment that successfully attracts, develops and retains talent.

- The Partner of Choice

By being trusted and highly regarded, with a reputation for delivering innovative, creative and joined up solutions..

Objectives and Priorities

The principal activity of the company is the provision of recreation leisure facilities and services on behalf of Aberdeen City Council in accordance with the following key priorities:

- Develop a cohesive, customer focused sports operation meeting and delivering its financial, legal, charitable and social obligations.
- To be regarded as a good employer that encourages all staff to exceed customer expectations.
- Add additional activities to the current portfolio, being cognisant of market and industry forces and developments.
- Monitor and capitalise on local and international sporting events that capture public interest and maximise these opportunities where possible.
- Support healthy lifestyle agendas as outlined locally and nationally and in conjunction with relevant partners.
- Establish commercial activities to supplement on-going operations.

Strategic Aims

To support and achieve this vision, the Company has 7 Strategic Aims, 5 of which are directly aligned to those of Aberdeen City Council:

- To promote and increase opportunities for participation in sport and physical activity for everyone in Aberdeen.
- To provide a comprehensive and high quality range of sports facilities in Aberdeen.
- To maximise social, educational, health and economic benefits of sport and physical activity in Aberdeen.
- To develop and sustain pathways which nurture local, regional and national sporting people to reach their potential.
- To raise the profile of sport in Aberdeen.
- To be the employer of choice.
- To promote efficiency and effectiveness in our capacity as a charitable organisation.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

SPORT ABERDEEN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016

The charity's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the charity continues and that the appropriate training is arranged. It is the policy of the charity that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

SPORT ABERDEEN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016

Achievements and performance

The financial year saw the embedding of services and functions transferred by Aberdeen City Council to Sport Aberdeen. This has expanded areas for the business to diversify and develop new commercial growth as it seeks to deliver against charitable objectives.

The dynamism and diversity of the business is further highlighted by the breadth of its offer, ensuring that the business particularly uses its commercial growth to bolster partnership programmes for those living in the city's most deprived areas.

In seeking to expand opportunities for participation in sport and physical activity in Aberdeen city, Sport Aberdeen embarked on a multi-million partnership with Pulse Fitness, allowing it to commence its facility investment programme. The modernisation programme will open further opportunities to increase usage and membership.

The continued growth and success of Sport Aberdeen has been demonstrable, and to that effect a select few key highlights are outlined below:

Sport Aberdeen led on the multi-organisation Active Aberdeen Partnership in the summer of 2015. The partnership, comprising of key physical activity, health and social care agencies in the city, aims to promote itself as the strategic body which leads on sport and physical activity opportunities in the city.

Customer visits to outdoor and indoor venues increased by 4.6% to 1,323,644. This is equivalent to the entire population of Aberdeen City (220,000) visiting a Sport Aberdeen venue six times in the year.

13% growth in fitness memberships, which will allow the business to invest further into its services and facilities.

A Loyalty Card scheme was launched in January 2015, which rewards "pay as you go" customers, encouraging repeat use and incentivising conversion to membership. The scheme complements efforts to boost member conversion retention through promotional offers throughout the year.

£93,000 was invested on additional works at Sport Aberdeen's golf courses. This significant investment is part of a wider strategic effort to boost the attractiveness of each of the four courses, with the aim of improving their offering to the corporate market.

A total of £84,653 was secured in sponsorship support for partners, offsetting costs for large scale events and encouraging greater partnership-working as the business seeks to meet its charitable objectives.

A "Smarter Working Policy" has been introduced to enhance flexible working opportunities available to staff. The policy will encourage efficient working practises and boost the attractiveness of Sport Aberdeen as it seeks to recruit and retain talent.

A 5 year Carbon Management plan has been introduced to the business which identifies efficient stewardship of utilities and resources. Energy audits have been carried out at each Sport Aberdeen venue, which will further reduce wastage.

The growth of the Aquatics Aberdeen swimming lesson programme resulted in a 17% increase in income generated. The funds will enable greater investment into opportunities for aquatics participation.

The new public-facing Sport Aberdeen website continued to go from strength to strength, with over 275,000 unique visitors. This is an increase in 13% on the previous year and highlights the importance of Sport Aberdeen improving its online offering in the year ahead.

Sport Aberdeen volunteers dedicated over 18,000 hours of their time towards supporting various programmes which meet the businesses charitable objectives. The ongoing success of the partnership-driven Baker Hughes 10k is secured by the work of volunteers. Sport Aberdeen continues to develop this pathway by offering volunteers the opportunity to gain new skills and qualifications such as coaching and First Aid.

SPORT ABERDEEN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016

Financial review

The net incoming resources for the year, prior to actuarial gains of £967,000 (2015 - losses of £1,886,000), amounted to £108,234 (2015 - outgoing £19,922). The reserves of the company are now in deficit of £304,055 (2015 - deficit £1,379,289).

The Boards policy is to retain a reserve fund to offer the company some protection against possible future adverse trading conditions, this sum would be not less than £1,100,000, when split this equals the full cost of 1 months payroll and the same amount to cover any unforeseen expenditure. Surplus working capital in excess of this has been agreed to be used to assist the company in a planned investment programme to the facility stock.

Excluding the current deficit on the Local Government Pension Scheme shown in the accounts of £2,535,000 (2015 - £3,212,000), which will be addressed over a considerable period of time and does not impact on the company's underlying activities, the current reserves exceed this. On a non-FRS 17 basis, the last triennial valuation (31 March 2014) of Sport Aberdeen's Local Government Pension Scheme showed the recorded deficit as £135,000 with the fund being 98% funded.

Risk management

The major strategic, business and operational risks that the organisation faces have been identified and are detailed in the Company's Risk Register. This is reviewed by the Boards Corporate Governance Committee on a bi monthly basis and it remains a live document that is subject to regular update by the Managing Director. The Board considers the Risk Register at each meeting and any significant risk arising would be the subject of a specific item within the Board agenda.

The strategic risk register categorises risk level according to a numerical scale, identified control measures and identifies where further action is required. The residual risk is categorised into 1 of 4 responses – terminate, transfer, treat and tolerate. There are no risks within this financial year at the terminate or transfer level.

Principal risks and uncertainties

The company has developed a comprehensive Risk Register and has identified its key risks within this register and regularly reviews and updates its risks.

There are a number of risks that are partly outside the control of the company. These mainly relate to the future Budget settlements from its main funding partner Aberdeen City Council, for 2017/18 and beyond and from operating a large number of aging sports facilities. This brings additional challenges of increased repairs and maintenance expenditure, potential adverse health and safety risks and adverse customer reaction all of which result in additional financial pressures. The review of the sports facility estate in terms of quantity and quality is ongoing, though there remains uncertainty surrounding the timescales for any change identified.

The highest rated risk within the Strategic Risk Register (covering compliance, strategic and reputational risks), with a risk level of 15, is the loss of relevant skills and experience within the Company's Senior Management Team; control measures of the appointment of Interim Management support has subsequently reduced this risk, with a stringent recruitment process underway at the end of the financial year. Other risks with a risk level of 12 include potential Employment Appeal Tribunals relating to overtime and holiday pay, declining participation levels in key sports, facility infrastructure requirements and the impacts of Freedom of Information requests.

SPORT ABERDEEN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016

Future plans

Sport Aberdeen will be delivering its new 3 year business plan with five new strategic priorities better reflecting how we intend to achieve our vision. The 5 P's – participation, places, partnerships, people and processes – summarise the organisation's forward offer. It includes a £1.8million investment upgrading two of our facilities, as part of an ongoing programme of modernisation aligned within the City's Sports Facilities Strategy 2016 – 2026.

Complementing investment into 'places', will be the launch of the Activate the City strategy, aimed at making Aberdeen the most Active City in Scotland. This push to increase 'participation' is being driven forward by the organisations which form the Active Aberdeen Partnership [AAP]. As a key member of the AAP Sport Aberdeen will continue to be at the forefront of shaping the way that sport and physical activity is planned, developed and delivered in the City.

Through investing in people and prioritising efficiency in business processes, the future in all respects looks positive for Sport Aberdeen.

Structure, governance and management

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Each member has undertaken to contribute an amount not exceeding £1 towards any deficit arising in the event of the company being wound up.

The trustees, who are also the directors for the purpose of company law, and who served during the period from 01 April 2015 to the date the financial statements were approved were as follows:

F Dalgarno	
C Taylor	
A Dawson	
A Robertson	
G Edwards	
M Boulton	(Resigned 22 February 2016)
G Dickson	
G Lawrence	
G Cowie	
P Adderton	(Appointed 24 June 2015)
A Donnelly	(Appointed 2 March 2016)
A Forsyth	(Appointed 24 June 2015)

Recruitment and appointment of new directors

The present Board of Directors numbers 11 of which 3 are elected members of Aberdeen City Council. Board members have the power to remove Directors and also make recommendations for appointment to Aberdeen City Council.

One of the Directors who is not a City Council elected member shall be appointed to serve as chair of the company and the remainder of the Directors shall be appointed on the basis of their having skills and experience, which in the opinion of the member, would allow the Director to make a substantial contribution to the work of the Board. Company Directors are entitled to claim reasonable travel and subsistence expenses incurred in connection with undertaking official business of Sport Aberdeen, in accordance with its Financial Procedures.

SPORT ABERDEEN

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2016

Induction and Training of New directors

New board members receive an induction on their responsibilities as directors of the company and the activities of the company.

Remuneration policy for the Company Management Team

Sport Aberdeen remunerates its Company Senior Management Team at a level commensurate with broadly comparable positions within public sector, trust and commercial sectors ensuring that the company can attract and retain appropriately qualified and experienced Senior Managers. At the same time is also recognises the challenge of recruitment, retention and high accommodation and cost of living within the city of Aberdeen.

Organisational structure

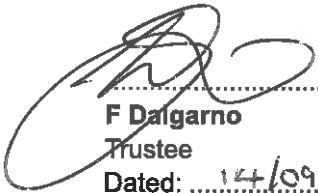
A Board of Directors administer the charity. Separate Committees of the Board exist to assist the operation of the different aspects of company business: Corporate Governance, Human Resources and Organisational Development, Business Development and Health and Safety.

Disclosure of Information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The trustees' report was approved by the Board of Trustees.


.....
F Dalgarno
Trustee
Dated: 14/09/16

SPORT ABERDEEN

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2016

The trustees, who are also the directors of Sport Aberdeen for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SPORT ABERDEEN

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORT ABERDEEN

We have audited the accounts of Sport Aberdeen for the year ended 31 March 2016 set out on pages 10 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's 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 charitable company's members those 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 charitable company and its members 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 7, the trustees, who are also the directors of Sport Aberdeen for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on financial statements.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the charities and trustees investment (Scotland) Act 2005 and the regulations of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report (including the Strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

SPORT ABERDEEN

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SPORT ABERDEEN

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemptions from the requirements to prepare a strategic report.



Jean Main (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

14/09/16

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
ABERDEEN
AB10 1YL

Johnston Carmichael LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

SPORT ABERDEEN

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Income from:					
Donations and legacies	3	-	168,439	168,439	63,955
Charitable activities	4	11,493,677	332,916	11,826,593	10,972,141
Investments	5	18,385	-	18,385	15,698
Total income		11,512,062	501,355	12,013,417	11,051,794
Expenditure on:					
Raising funds	6	254,993	-	254,993	240,108
Charitable activities	7	11,189,062	461,128	11,650,190	10,831,608
Total expenditure		11,444,055	461,128	11,905,183	11,071,716
Net income/(expenditure) for the year/ Net incoming/(outgoing) resources		68,007	40,227	108,234	(19,922)
Other recognised gains and losses					
Actuarial gain/(loss) on defined benefit pension schemes		967,000	-	967,000	(1,886,000)
Net movement in funds		1,035,007	40,227	1,075,234	(1,905,922)
Reconciliation of Funds					
Fund balances at 1 April 2015		(1,442,207)	62,918	(1,379,289)	526,633
Fund balances at 31 March 2016		(407,200)	103,145	(304,055)	(1,379,289)

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

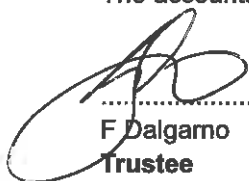
SPORT ABERDEEN

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		147,738		126,274
Current assets					
Debtors	13	3,234,939		3,095,848	
Cash at bank and in hand		80,143		136,492	
		<u>3,315,082</u>		<u>3,232,340</u>	
Creditors: amounts falling due within one year	14	<u>(1,231,875)</u>		<u>(1,525,903)</u>	
Net current assets			<u>2,083,207</u>		<u>1,706,437</u>
Total assets less current liabilities			<u>2,230,945</u>		<u>1,832,711</u>
Provisions for liabilities	15		<u>(2,535,000)</u>		<u>(3,212,000)</u>
Net liabilities			<u>(304,055)</u>		<u>(1,379,289)</u>
The funds of the charity:					
Restricted funds	17		103,145		62,918
Unrestricted funds			(407,200)		(1,442,207)
			<u>(304,055)</u>		<u>(1,379,289)</u>

The accounts were approved by the Trustees on 14/09/16


.....
F Dalgarno
Trustee

Company Registration No. SC350981

SPORT ABERDEEN

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net Cash provided by operating activities	21		(35,019)		(17,036)
Cashflows from investing activities					
Purchase of tangible fixed assets		(39,715)		-	
Interest received		18,385		15,698	
Net cash (used in)/provided by investing activities					
			(21,330)		15,698
Net cash used in financing activities					
			-		-
Net decrease in cash and cash equivalents					
			(56,349)		(1,338)
Cash and cash equivalents at beginning of year					
			136,492		137,830
Cash and cash equivalents at end of year					
			80,143		136,492
Relating to:					
Bank balances and short term deposits			80,143		136,492

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

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

Company information

Sport Aberdeen is a private company limited by guarantee incorporated in Scotland. The registered office is 34 Albyn Place, Aberdeen, AB10 1FX.

1.1 Basis of preparation

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The charity has availed itself of the Companies Act 2006 as permitted in paragraph 4(1) of schedule 1 of SI 2008 No 409, and adapted the Companies Act formats to reflect the specific nature of the charities activities.

The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The accounts have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements prepared in accordance with FRS 102. The date of transition was 1 April 2015. The trustees have concluded that no restatement of comparative items was required.

1.2 Preparation of the accounts on a going concern basis

Assuming continued support from Aberdeen City Council (which the trustees have no reason to believe will not be forthcoming) the company has a level of working capital that ensures continuity of day to day operations. This sum also protects the company against a reasonable level of possible uncertain trading conditions. Additionally this gives the company the opportunity to consider certain enhancements to its current operations. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements. Future funding from Aberdeen City Council into 2017/18 will be subject to further discussion once the Councils funding position becomes clearer, there however is an expectation that the company will be adversely affected by financial austerity measures that public sector services face.

1.3 Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

1.4 Income

Income is recognised when the charity is legally entitled to receive it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that it will be received.

Income from Aberdeen City Council and Sport Scotland is accounted for as above and is agreed in advance based on the level of service provided.

Investment income is accounted for on an accruals basis.

Sport Aberdeen has the use of furnishings and computer equipment provided by Aberdeen City Council. No estimate of the value of these assets has been included in the financial statements.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Raising funds relates to expenditure directly attributable to fundraising and other trading activities.

Charitable activities comprise the main costs of delivering the objectives of the charity.

Expenditure is recorded net of VAT where applicable and irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% on reducing balance
Computers	12.5% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Sport Aberdeen is a member of the North East Scotland Pension Fund, a Local Government Pension Scheme, which provides benefits based on final pensionable pay. The expected cost to the company of pensions is charged to the Statement of Financial Activities (SOFA) so as to spread the cost of pensions over the service lives of the employees.

In accordance with FRS 102 Retirement Benefits the operating and financial costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the SOFA. Services costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between the actual and expected returns on assets during the year, including changes in the actuarial assumptions, is also recognised in the SOFA.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.12 Leases

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

1.13 Taxation

The charity is exempt from corporation tax on its charitable activities.

Incoming and expended resources are recorded net of VAT where applicable. Irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Defined benefit pension scheme

The company is part of a defined benefit pension plan. The assets and liabilities are based upon estimates for discount rates, CPI, and salary increases, while also incorporating estimated mortality assumptions for those in the plan. The net liability is calculated by an actuary and is an estimate of the share of the liability which relates to Sport Aberdeen.

3 Donations and legacies

	2016	2015
	£	£
Total receivable for core activities	168,439	63,955
Grants receivable for core activities		
Aberdeen City Council	58,146	33,406
NHS	4,125	-
Tennis Scotland	16,896	18,814
Give it your Max	4,808	-
MacMillan Cancer Support	48,671	-
Aberdeen Harbour Board	4,800	4,800
Paths for All	10,050	5,025
Scottish Rugby Union	10,000	-
Youth Link	7,400	-
Other	3,543	1,910
	<u>168,439</u>	<u>63,955</u>

All income in the current and prior year was restricted.

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

4 Charitable activities

	Provision of leisure facilities £	Grant from Aberdeen City Council £	Trading Income £	Total 2016 £	Total 2015 £
Performance related grants	332,916	-	-	332,916	334,489
Ancillary trading income	-	-	308,554	308,554	302,931
Leisure facilities	5,337,491	5,847,632	-	11,185,123	10,334,721
	<u>5,670,407</u>	<u>5,847,632</u>	<u>308,554</u>	<u>11,826,593</u>	<u>10,972,141</u>
Analysis by fund					
Unrestricted funds	5,337,491	5,847,632	308,554	11,493,677	
Restricted funds	332,916	-	-	332,916	
	<u>5,670,407</u>	<u>5,847,632</u>	<u>308,554</u>	<u>11,826,593</u>	
For the year ended 31 March 2015					
Unrestricted funds	5,043,925	5,290,796	302,931		10,637,652
Restricted funds	334,489	-	-		334,489
	<u>5,378,414</u>	<u>5,290,796</u>	<u>302,931</u>		<u>10,972,141</u>

5 Investments

	Unrestricted funds £	Total 2016 £	Total 2015 £
Interest receivable	18,385	18,385	15,698
For the year ended 31 March 2015	<u>15,698</u>		<u>15,698</u>

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

6 Raising funds

	Unrestricted funds	Total 2016	Total 2015
	£	£	£
<u>Fundraising trading: cost of goods sold and other costs</u>			
Staff costs	36,551	36,551	23,444
<u>Trading costs</u>			
Other trading activities	218,442	218,442	216,664
	<u>254,993</u>	<u>254,993</u>	<u>240,108</u>
For the year ended 31 March 2015			
Fundraising trading: cost of goods sold and other costs	23,444		23,444
Trading costs	216,664		216,664
	<u>240,108</u>		<u>240,108</u>

7 Charitable activities

	2016 £	2015 £
Staff costs	5,736,075	5,103,481
Provision of leisure facilities	4,347,643	4,159,151
	<u>10,083,718</u>	<u>9,262,632</u>
Support costs (see note 8)	1,448,787	1,499,820
Governance costs (see note 8)	117,685	69,156
	<u>11,650,190</u>	<u>10,831,608</u>
Analysis by fund		
Unrestricted funds	11,189,062	
Restricted funds	461,128	
	<u>11,650,190</u>	
For the year ended 31 March 2015		
Unrestricted funds		10,377,972
Restricted funds		453,636
		<u>10,831,608</u>

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

8 Support costs	Support costs £	Governance costs £	2016 £	2015 £	Basis of allocation
Staff costs	887,368	-	887,368	743,565	Administration salaries
Depreciation	18,251	-	18,251	18,447	Total depreciation charge
Management costs	543,168	-	543,168	737,808	Based on expenses considered support costs by management
Audit fees	-	10,400	10,400	10,500	Governance
Legal and professional	-	107,285	107,285	58,656	Governance
	<u>1,448,787</u>	<u>117,685</u>	<u>1,566,472</u>	<u>1,568,976</u>	
Analysed between Charitable activities	<u>1,448,787</u>	<u>117,685</u>	<u>1,566,472</u>	<u>1,568,976</u>	

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, other than listed below:

A Robertson, trustee, received remuneration in his capacity as Chief Executive, as permitted by the charitable company's Memorandum and Articles, but not otherwise, as follows:

Salary £87,212 (2015 - £81,564), Pension £11,250 (2015 - £10,479).

There were no trustees' expenses paid for the year ended 31 March 2016 nor for the year ended 31 March 2015 other than as follows:

A Robertson, trustee, received £117 (2014 - £1,114) travel expenses and £2,820 (2015 - £nil) broadband and car allowance in his capacity as Chief Executive, but not otherwise.

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

10 Employees

Number of employees

The average monthly number employees during the year was:

	2016 Number	2015 Number
Dry facilities	134	114
Wet facilities	265	202
Golf courses	15	13
Administration and support	73	69
	<u>487</u>	<u>398</u>

Employment costs

	2016 £	2015 £
Wages and salaries	5,557,934	5,086,922
Social security costs	336,589	336,798
Other pension costs	432,555	446,770
	<u>6,327,078</u>	<u>5,870,490</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2016 Number	2015 Number
£80,001 - £90,000	<u>1</u>	<u>1</u>

During the year contributions totalling £11,250 (2015 - £10,479) were made on behalf of higher paid employees shown above.

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

11 Tangible fixed assets

	Fixtures, fittings & equipment £	Computers £	Total £
Cost or valuation			
At 1 April 2015	5,954	182,515	188,469
Additions	39,715	-	39,715
At 31 March 2016	<u>45,669</u>	<u>182,515</u>	<u>228,184</u>
Depreciation and impairment			
At 1 April 2015	2,146	60,049	62,195
Depreciation charged in the year	2,943	15,308	18,251
At 31 March 2016	<u>5,089</u>	<u>75,357</u>	<u>80,446</u>
Carrying amount			
At 31 March 2016	<u>40,580</u>	<u>107,158</u>	<u>147,738</u>
At 31 March 2015	<u>3,808</u>	<u>122,466</u>	<u>126,274</u>

12 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>3,229,244</u>	<u>3,140,344</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>1,040,799</u>	<u>1,342,930</u>

13 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	158,760	33,852
Other debtors	2,990,341	2,970,000
Prepayments and accrued income	85,838	91,996
	<u>3,234,939</u>	<u>3,095,848</u>

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Other taxation and social security	191,076	182,973
Trade creditors	551,821	726,379
Other creditors	31,910	224,634
Accruals and deferred income	457,068	391,917
	<u>1,231,875</u>	<u>1,525,903</u>

Other creditors include £4,733 (205 - £4,681) in respect of pension contributions due at the year end.

15 Provisions for liabilities

	Notes	2016 £	2015 £
Retirement benefit obligations	16	2,535,000	3,212,000
		<u>2,535,000</u>	<u>3,212,000</u>

16 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £432,555 (2015 - £446,770).

Defined benefit schemes

Key assumptions

	2016 %	2015 %
Discount rate	3.7	3.4
Expected rate of increase of pensions in payment	2.1	2.1
Expected rate of salary increases	3.6	3.6
CPI inflation	2.1	2.1
	<u>2.1</u>	<u>2.1</u>

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

16 Retirement benefit schemes

(Continued)

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2016 Years	2015 Years
Retiring today		
- Males	22.2	22.1
- Females	24.8	24.7
Retiring in 20 years		
- Males	24.4	24.3
- Females	27.6	27.5

Amounts recognised in the profit and loss account:

	2016 £	2015 £
Current service cost	409,000	362,000
Net interest on defined benefit liability/(asset)	106,000	(76,000)
Total costs	515,000	286,000

Amounts taken to other comprehensive income:

	2016 £	2015 £
Actual return on scheme assets	(203,000)	(627,000)
Less: calculated interest element	344,000	572,000
Return on scheme assets excluding interest income	141,000	(55,000)
Actuarial changes related to obligations	(1,115,000)	1,941,000
Total costs/(income)	(974,000)	1,886,000

The amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans are as follows:

	2016 £	2015 £
Present value of defined benefit obligations	13,000,000	13,186,000
Fair value of plan assets	(10,465,000)	(9,974,000)
Deficit in scheme	2,535,000	3,212,000

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

16 Retirement benefit schemes (Continued)

Movements in the present value of defined benefit obligations:

	2016 £
Liabilities at 1 April 2015	13,186,000
Current service cost	409,000
Benefits paid	(40,000)
Contributions from scheme members	110,000
Actuarial gains and losses	(1,115,000)
Interest cost	450,000
At 31 March 2016	<u>13,000,000</u>

The defined benefit obligations arise from plans funded as follows:

	2016 £
Wholly unfunded obligations	-
Wholly or partly funded obligations	13,000,000
	<u>13,000,000</u>

Movements in the fair value of plan assets:

	2016 £
Fair value of assets at 1 April 2015	9,974,000
Interest income	344,000
Return on plan assets (excluding amounts included in net interest)	(141,000)
Benefits paid	(40,000)
Contributions by the employer	225,000
Contributions by scheme members	110,000
Other	(7,000)
At 31 March 2016	<u>10,465,000</u>

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

16 Retirement benefit schemes

(Continued)

The fair value of plan assets at the reporting period end was as follows:

	2016	2015
	£	£
Equity instruments	8,099,000	7,820,000
Debt instruments	1,392,000	858,000
Property	890,000	638,000
Cash/liquidity	84,000	239,000
Other	-	419,000
	<u>10,465,000</u>	<u>9,974,000</u>

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

17 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2015 £	Movement in funds		Balance at 31 March 2016 £
		Income £	Expenditure £	
Active Schools	-	342,259	(335,107)	7,152
Older People	5,998	14,850	(15,380)	5,468
Tennis Development	1,253	21,704	(20,343)	2,614
Northfield Youth Action Group	13,326	-	(5,181)	8,145
Torry Youth Activities Group	5,935	-	(1,210)	4,725
School Sport Competition	36,406	31,324	(28,295)	39,435
Inclusion	-	5,725	-	5,725
Community Sports Hub	-	26,822	-	26,822
Rugby Development	-	10,000	(7,219)	2,781
MacMillan Move More	-	48,671	(48,393)	278
	<u>62,918</u>	<u>501,355</u>	<u>(461,128)</u>	<u>103,145</u>

Restricted funds represent activities for which specific income has been received as follows:

Active Schools - the programme aims to provide more and higher quality opportunities for children and young people to participate in sport before, during and after school.

Older People - the programme aims to get older adults moving, with a range of activities to suit all interests and abilities.

Northfield Youth Action Group - the programme aims to provide sports activities for young people in their local community.

Torry Youth Activities Group - the programme aims to provide sports activities for young people in their local community.

School Sport Competition - this programme aims to develop competition in school sports and provide funding for a Competitive School Coordinator post.

Tennis Development - Implementation of a City Wide Tennis Development plan that enables access to Tennis opportunities for all.

Inclusion - the programme aims to work with those groups who are hard to reach.

Community Sports Hub - the programme is to support the establishment of area specific hubs to promote sporting activity.

Rugby Development - the programme aims to promote grass root sport in the North East of Scotland.

MacMillan Move More - the programme aims to provide cancer support and raise awareness of assistance.

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

18 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2016 are represented by:			
Tangible assets	147,738	-	147,738
Current assets/(liabilities)	1,980,062	103,145	2,083,207
Provisions and Deferred income	(2,535,000)	-	(2,535,000)
	<u>(407,200)</u>	<u>103,145</u>	<u>(304,055)</u>

19 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	96,439	91,473
Between two and five years	14,013	5,467
	<u>110,452</u>	<u>96,940</u>

SPORT ABERDEEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, is as follows.

	2016 £	2015 £
Aggregate compensation	357,441	342,523

The number of key management whose annual remuneration was £60,000 or more were:

	2016 Number	2015 Number
£80,001 - £90,000	1	1

Transactions with related parties

Sport Aberdeen is contracted to provide recreation and leisure services by Aberdeen City Council (ACC). During the year ACC awarded £6,211,872 (2015 - £5,656,609) to the company. During the year sales of £43,695 (2015 - £123,391) were made to ACC for the use of various sports facilities and services. Debtors at the year end include £121,826 (2015 - £13,460) due from ACC.

During the year ACC also provided services and incurred charges on behalf of the company in relation to heat and light, rates, rent, service support agreements and various other site expenses of £556,836 (2015 - £744,212). Creditors at the year end include £55,437 (2015 - £192,599) due to ACC.

The company has made a loan to ACC at the year end amounting to £2,990,000 (2015 - £2,970,000). Accrued income and interest received from ACC on this loan totals £7,645 (2015 - £5,933).

ACC is the major funder of Sport Aberdeen and several trustees are councillors.

21 Net cash provided by (used in) operating activities	2016 £	2015 £
Income/(expenditure) for the reporting period (as per the statement of financial activities)	108,234	(19,922)
Adjustments for:		
Investment income	(18,385)	(15,698)
Net pension interest cost/(income)	106,000	(76,000)
Depreciation and impairment of tangible fixed assets	18,251	18,447
Difference between pension charge and cash contributions	184,000	136,000
Movements in working capital:		
(Increase) in debtors	(139,091)	(178,529)
(Decrease)/increase in creditors	(294,028)	118,666
Cash used in operations	(35,019)	(17,036)