

TRUST BOARD MEETING



ANNUAL GENERAL MEETING

Date: 13 September 2016

Location: Reception Room, Grand Hall

Start time: 6pm

AGENDA			
AGENDA ITEM	FOR NOTING	FOR DISCUSSION	FOR APPROVAL/ DECISION
1. Apologies for Absence	✓		
2. Declarations of Interest	✓		
3. Minutes of previous AGM 27 August 2015 (pages 1-2)	✓		
4. 2015/16 Annual Report and Accounts (pages 3-72)			✓
5. AOCB			
6. Demise of office bearers			✓

PLEASE NOTE: THE ANNUAL GENERAL MEETING IS OPEN TO THE PUBLIC AND WILL BE ADVERTISED ON THE EAST AYRSHIRE LEISURE WEBSITE

For further information please contact: John Griffiths, Chief Executive
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Agenda Item: 3

EAST AYRSHIRE LEISURE TRUST BOARD OF TRUSTEES

ANNUAL GENERAL MEETING

MINUTES OF MEETING HELD ON THURSDAY 27 AUGUST 2015 AT 1800 HOURS IN THE RECEPTION ROOM, GRAND HALL, LONDON ROAD, KILMARNOCK

PRESENT: Councillors Douglas Reid, Eòghann MacColl, and Neil McGhee; and Independent Trustees Jean Brown, Robin Hume, Elizabeth Young, Jackie Livingston and June Minnery.

ATTENDING: John Griffiths, Chief Executive; Jackie Biggart, Central Support Manager; both East Ayrshire Leisure Trust; and Lorraine Russell, Senior Accountant and Gillian Hamilton, Democratic Services Officer, both East Ayrshire Council.

APOLOGIES: Councillors Iain Linton and John McFadzean and Independent Trustee Edward Rutherford.

CHAIR: Councillor Douglas Reid, Chair.

DECLARATION OF INTEREST

1. Independent Trustee Elizabeth Young declared a non-financial interest in Item 3 below, which she did not consider significant, and accordingly remained and participated in consideration and determination of this item.

PREVIOUS MINUTES

2. There were submitted and approved as a correct record, the Minutes of the Annual General Meeting held on 19 August 2014 (circulated).

ANNUAL REPORT AND ACCOUNTS 2014/15

3. There was submitted a report dated 6 August 2015 (circulated) by the Chief Executive which presented the Annual Report and Accounts for 2014/15 for approval.

There was also submitted a balance sheet reconciling reserves as at 31 March 2015 (circulated at the meeting).

It was agreed:-

- (i) to approve the 2014/15 Report and Accounts;
- (ii) to approve the Letter of Representation to accompany the accounts;
- (iii) to note the balance sheet reconciling reserves at 31 March 2015; and
- (iv) otherwise, to note the contents of the report.

RETIRAL/RE-APPOINTMENT OF INDEPENDENT TRUSTEES

4. In terms of Clause 30 and 31 of the Constitution, Independent Trustees Robin Hume, June Minnery and Elizabeth Young retired from office. All three were then re-appointed in terms of Clause 30 of the Constitution, all having expressed their wish to be reselected.

The Chief Executive then reported and it was noted that Chris McAleavey, Depute Chief Executive: Safer Communities and Joe McLachlan, Corporate Accounting Manager had replaced Alex McPhee and Elizabeth Morton respectively as ex officio Trustees.

DEMISE OF OFFICE BEARERS

4. In terms of Clause 48 of the Constitution, the Chair and Vice-Chair ceased to hold office.
Under Clause 43, Councillor Douglas Reid was nominated for re-election as Chair, subject to Clause 44. Elizabeth Young was then nominated for re-election as Vice-Chair. Both appointments were confirmed at the AGM.

The meeting terminated at 1817 hours.

TRUST BOARD AGM



2015/16 ANNUAL REPORT AND ACCOUNTS

Date: 13 September 2016

Agenda Item: 4

Report By: John Griffiths, Chief Executive

Summary

This report represents the 2015/16 Report and Accounts for approval.

The report shows that the Trust established sound procedures for financial management and our external auditors, Scott-Moncrieff, are satisfied with accuracy of our accounts and the procedures that are in place to manage our finances.

1. BACKGROUND

1.1 The purpose of this report is to present the 2015/16 Report and Accounts for approval.

2 CONSIDERATIONS

2.1 East Ayrshire Leisure is required to submit its audited annual accounts to the Office of the Scottish Charity Regulator (OSCR). Scott-Moncrieff are our External Auditors and their audit has been produced following an intensive audit programme which required support and input from both Trust and East Ayrshire Council staff.

2.2 The 2015/16 Report and Accounts is attached as Appendix 1. The format of the Report and Accounts has been updated to meet the requirements of the new Charities Financial Reporting Standard (FRS) 102 Statement of Recommended Practice (SORP). The Annual Accounts will be submitted to OSCR once approved by the Trust Board. The report will also be published via the East Ayrshire Leisure website.

2.3 Scott Moncrieff's Audit Management Report for 2015/16 is attached as Appendix 2 with the Management Representation Letter, which will be signed by the Chair if the Report and Accounts are agreed by the Board, included on page 19.

3 IMPLICATIONS

3.1 The approval and publication of the 2015/16 Report and Accounts will satisfy the ongoing requirements of OSCR and the Charities FRS 102 SORP.

Recommendation/s:

It is recommended that the Board:

- i. Approve the 2015/16 Report and Accounts;
- ii. Approve the Letter of Representation to accompany the accounts; and
- iii. Otherwise note the content of this report.

TRUST BOARD AGM



Signature: 

Designation: Chief Executive

Date: 29 August 2016

East Ayrshire Leisure Trust
A Scottish Charitable Incorporated Organisation

Report and Accounts
For the year ended 31st March 2016

Charity Number SC043987

East Ayrshire Leisure Trust Contents

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East Ayrshire Leisure Trust

Message from the Chair

I have great pleasure in introducing the third Annual Report and Accounts for the East Ayrshire Leisure Trust which covers the financial year 2015/16. East Ayrshire Leisure has continued to show strong financial performance and has worked to support the Council's Community Asset Transfer and Asset Rationalisation programmes throughout the year.

Many events and activities were staged across our venues throughout the year and we were particularly pleased to be able to host 'A Vikings Guide to Deadly Dragons at the Dick Institute in Kilmarnock', which was the only Scottish venue for this incredible exhibition. Based on renowned author Cressida Cowell's 'How to Train Your Dragon', the exhibition attracted visitors from throughout Scotland.

The Waterloo 200 exhibition at the Dean Castle was another memorable highlight featuring original objects and documents from the Battle of Waterloo. The exhibition told the story of Sergeant Charles Ewart and the capturing of Napoleon's Standard for which he became a National hero.

Our Spring Festival at Dean Castle Country Park kicked off the season in fabulous style, and the month long Countryside Festival continued the celebrations later in the year. With large scale events and activities ranging from archaeology events and Walking Weekends, over 5000 people took part in the Countryside Festival with over 3000 people visiting the Country Park to celebrate everything that's great about Ayrshire Rural Life at the annual Harvest Festival.

The Country Park also played host to a number of large charitable events such as the Lauren Currie Foundation, Alzheimers Scotland and Diabetes Scotland Fun Days raising over £10,000 for local and national charities.

The state of the art Ayrshire Athletics Arena in Kilmarnock has continued to play host to some of the region's most prestigious athletics events and once again provided the perfect setting for the Scottish Athletics West District Track and Field Championships, marking the opening of the 2016 competitive athletics season.

East Ayrshire Youth Theatre (EAYT) turned 10 in 2015, and our anniversary events were spectacular, featuring a unique montage of unforgettable performances from musical favourites.

Our Imprint Book Festival continues to provide a highlight in the cultural calendar and in 2015 we welcomed acclaimed crime writer Val McDermid and actor and author John Gordon Sinclair as headliners.

Political pioneer Keir Hardie was celebrated in his home town of Cumnock at the Baird Institute with an exhibition highlighting his outstanding achievements. 100 years after his death, the exhibition illustrated that his words live on and continue to inspire people across the political spectrum.

I would like to thank the Board of Trustees for their continued work and support throughout the year and East Ayrshire Leisure's Senior Management Team and staff for their ongoing commitment to providing the best possible services for East Ayrshire residents and visitors to our area.



Councillor Douglas Reid
Chair, East Ayrshire Leisure Trust

East Ayrshire Leisure Trust

Message from the Chief Executive

Welcome to The Trust's (East Ayrshire Leisure's) Annual Report for 2015-16. This report summarises East Ayrshire Leisure's progress in its third year of operation which is also the third and final year of our first Business Plan. Significant progress has been made in establishing East Ayrshire Leisure and ensuring that a strong partnership with East Ayrshire Council remains in place.

The results for 2015-16 show that East Ayrshire Leisure is operating well and achieving its targets while continuing to respond to a changing operating environment and challenging financial situation.

From the outset of our Business Plan, we vowed to create an organisation that was driven by a commitment to delivering high quality services, through creativity and innovation and with partnership and collaboration at its heart. Throughout 2015-16 we have continued to deliver quality services across a range of venues within the Culture, Countryside and Sports remit and it has been a busy year for us, with a packed programme of events and activities attracting visitors from across Ayrshire and beyond.

Feedback from our customers continues to be hugely positive and our success is largely due to all the staff throughout the organisation. I would like to take this opportunity to thank them all for their ongoing dedication to East Ayrshire Leisure and the passion and enthusiasm they continue to show in the delivery of our services.

None of our achievements would be possible without the support of our partners and in particular our main funder, East Ayrshire Council (EAC). We will continue to work closely with them all to ensure the continued provision of new and innovative services, events, opportunities and overall quality Leisure Services.

I would also like to thank our Board of Trustees for all their support, commitment and dedication given to East Ayrshire Leisure throughout the year.



John Griffiths
Chief Executive

East Ayrshire Leisure Trust
Trustees Report
For the year ended 31st March 2016

The Trustees are pleased to present their Report and Accounts for the year ended 31st March 2016. The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

EAST AYRSHIRE LEISURE TRUST – THE ORGANISATION

East Ayrshire Leisure Trust is a Scottish Charitable Incorporated Organisation recognised by the Office of the Scottish Charity Regulator (OSCR), registration number SC043987. The organisation took responsibility for a wide range of cultural, countryside, sports and community facilities and services across East Ayrshire on 1st July 2013.

East Ayrshire Leisure's initial Business Plan covered the period 2013-16, and during this period East Ayrshire Leisure has become established as an independent organisation. This report covers the final year of the initial Business Plan.

OUR PURPOSE

The East Ayrshire Leisure has the following purpose:

- To advance the arts, heritage, culture and science;
- To advance public participation in sport;
- To provide recreational facilities and organise recreational activities with such facilities/activities being made available to the whole community with the aim of improving quality of life;
- To advance education;
- To advance health;
- To advance citizenship and/or community development (which may include the promotion of civic responsibility, volunteering, the voluntary sector and/or and the efficiency and effectiveness of charities);
- To relieve those in need by reason of age, ill health, disability, financial hardship or other disadvantage;
- To promote, establish, operate and/or support other similar schemes and projects which further charitable purposes;

OUR VISION

East Ayrshire Leisure's vision reflects the vision of the Community Planning Partnership i.e. to help East Ayrshire become:

“An area full of life, with a strong cultural, sporting and natural identity which reflects the unique character of the place and its people; an area where cultural, sporting and countryside activities play a central role in social, economic and urban/rural development; an area where new and creative initiatives across the cultural, sporting and countryside fields flourish, for the benefit of both residents and visitors.”

OUR MISSION

“To provide and support high quality, innovative, cultural, sports, countryside and community services for the benefit of East Ayrshire residents and visitors to the area, which meet the council's social, cultural, environmental and economic objectives.”

OUR VALUES

East Ayrshire Leisure's core values are based on being:

- Collaborative and Creative
- Innovative and Inspirational
- Proactive and Professional
- Open and Honest
- Passionate and Proud

The principles by which we operate and carry out our business are driven by a desire to do what is best for the community and in so doing:

- We will be driven by a commitment to deliver high quality services for the people of East Ayrshire
- Creativity and innovation will be at the heart of our thinking
- We will build partnerships and thrive on collaboration
- We will invest in the formation of a highly motivated, customer focused and skilled workforce
- We will promote equality, access and diversity across our programmes
- We will deliver safe services and manage finances efficiently and effectively

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Trustees Report
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EAST AYRSHIRE LEISURE'S STRUCTURE

THE BOARD OF TRUSTEES

A Board of 13 Trustees is responsible for providing strategic direction for the organisation. The 13 Trustees comprise:

- 6 Independent Trustees – one of whom is a Trade Union nominee
- 5 Councillor Trustees, nominated by East Ayrshire Council
- 2 Council Officer Trustees nominated by East Ayrshire Council to act as Trustees, but without voting rights.

Trustees	Appointment date	Resignation date
Partner Trustees		
Douglas Reid (Chair)	13 th March 2013	
Alan Brown	13 th March 2013	25 th June 2015
James Buchanan	13 th March 2013	25 th June 2015
Neil McGhee	13 th March 2013	
John McFadzean	13 th March 2013	27 th October 2015
Iain Linton	25 th June 2015	
Eoghann MacColl	25 th June 2015	
Hugh Ross	27 th October 2015	
Alex McPhee (ex officio)	13 th March 2013	27 th August 2015
Chris McAleavey (ex officio)	27 th August 2015	
Joe McLachlan (ex officio)	27 th August 2015	
Independent Trustees		
Elizabeth Young (Vice Chair)	13 th June 2013 (Re-appointed 27 th August 2015)	
Jean Brown	13 th June 2013	
Robin Hume	13 th June 2013 (Re-appointed 27 th August 2015)	
June Minnery	13 th June 2013 (Re-appointed 27 th August 2015)	
Eddie Rutherford	13 th June 2013	17 th May 2016
Jackie Livingston	1 st July 2015	

The Board meets regularly throughout the year and is supported by a Performance and Audit Sub-Committee made up of 5 Trustees. In addition, development sessions are also held to support Trustee training and to allow discussion to focus on key issues i.e. Business Planning and specific service areas.

Trustee training is available on an as required basis in addition to induction training for new Trustees. Development sessions to enhance Trustees knowledge of service areas have been organised throughout the year and a session on the Palace Theatre/Grand Hall held in 2016 allowed Trustees to examine facility operation and development issues in detail.

EAST AYRSHIRE LEISURE SERVICES

East Ayrshire Leisure is responsible for managing a range of facilities and services across a broad Culture, Countryside, Sport and Community Venues remit.

The range of facilities managed by East Ayrshire Leisure has been subject to change since July 2013 as the Council has undertaken a programme of Community Asset Transfer and Asset Rationalisation.

Brief Service Descriptions

- **Cultural Services**
This service manages Libraries, Museums and Heritage, Galleries, the Palace Theatre/Grand Hall Complex and Cumnock Town Hall. The service is responsible for museum collection management, arts and cultural development including visual and performing arts, reader development including Imprint Book Festival and local and family history services.
- **Countryside Services**
This service manages Dean Castle Country Park, the River Ayr Way and footpath networks across East Ayrshire. The service is responsible for Countryside Access, events, programme development at Dean Castle Country Park and outdoor education.
- **Sport & Community Venues**
This service manages Sports and Leisure Centres, Games Hall, Community Halls, Sports Pitches and the Ayrshire Athletics Arena. The service is responsible for programme development, community sports hubs, sports development and events encompassing athletics, swimming, golf and fitness.
- **Marketing & Development**
This service manages all publicity and promotional activity, communications, public relations, branding, corporate identity, web development and digital communication and strategy, market research, customer feedback and complaints handling, sponsorship and fundraising.
- **People & Finance**
This service is responsible for administration, OSCR compliance, financial management/budget monitoring, Human Relations, Information Management, Health and Safety, Freedom of information, credit control, cash receipting and staff training and development.
- **Agreements with East Ayrshire Council**
A series of agreements underpin East Ayrshire Leisure's relationship with the Council. Services Agreements are in place to cover support services that the Council provides for East Ayrshire Leisure i.e. Health and Safety, Internal Audit. Payroll etc. A Services and Finance Agreement is in place to cover the services which the Council expects us to deliver, including the facilities for which East Ayrshire Leisure is responsible.

In addition, a Collections Agreement covers how the Council's museum collections will be managed by East Ayrshire Leisure and an Asset Transfer Agreement covers the ownership

East Ayrshire Leisure Trust
Trustees Report
For the year ended 31st March 2016

of assets required to support the delivery of services which are the responsibility of East Ayrshire Leisure.

Key venues and visitor attractions

We manage a wide range of facilities across East Ayrshire; our key venues and tourist attractions are highlighted below:

Annanhill Golf Course

Situated on the outskirts of Kilmarnock in scenic surroundings, this parkland course, with tree lined fairways has a par of 71 measuring 5954 yards.

Ayrshire Athletics Arena

Designed and built to the highest standard, this premier athletics and sports training facility boasts a UK Athletics Class A outdoor athletics facility with Mondo surface and 6 lane 63m indoor training area with strength and conditioning area. It has been designed to meet the highest of training and competition requirements for a wide range of athletes, sports clubs, schools and community groups and our athletics event calendar has grown year on year.

Baird Institute

First opened in 1891, the Baird Institute has world class collections of Mauchline Ware, Cumnock Pottery, artefacts of local and social history and contemporary exhibitions. The Keir Hardie Room presents the life and career of the founder of the Labour Party with an interactive audio-visual screen, a large collection of his personal belongings and souvenirs of his travels

Burns House Museum and Library

The Burns House Museum and Library is in the centre of historic Mauchline, where stories of Robert Burns and his friends and family can be found in every nook and cranny. The Burns House Museum offers the chance to visit the room where Burns and his wife Jean Armour lived, see original Burns manuscripts and objects that tell the story of his life and work.

Cumnock Town Hall

Designed by Robert Ingram and built in 1883/4, Cumnock Town Hall has undergone an extensive restoration project, designed to restore it to its former glory using traditional materials and updated facilities to cater for the needs of its 21st century users. The newly refurbished facility hosts a variety of shows as well as being available to hire for meetings shows, weddings and parties.

Dean Castle & Country Park

Dean Castle Country Park is East Ayrshire's only Country Park and provides a great day out all year round with woodland walks, an urban farm, adventure playground, visitor centre with shop and tearoom and a fantastic 14th century castle housing world class collections. The Country Park also hosts a number of large scale events every year as well as a programme of outdoor learning activities. The Country Park has received HLF funding with plans for redevelopment to turn it into a 5 star visitor attraction.

Dick Institute

The Dick Institute is one of the most important cultural venues in the south-west of Scotland, featuring the largest museum, galleries and Library in Ayrshire with a range of arts and literary events throughout the year.

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With a programme of nationally important exhibitions, events and innovative works by leading and contemporary artists, filmmakers and young people as well as permanent displays of the museum's diverse collections including natural sciences, archaeology and local and social history.

Leisure Centres: Auchinleck, Doon Valley, Grange, Loudoun, Stewarton & St Joseph's

Our Leisure Centres offer a wide range of activities and facilities for all the family including fitness suites with a wide range of equipment, FIFA *I synthetic grass pitches, swimming pools and a range of fitness classes and activities. Many of our venues also house a variety of versatile halls suitable for staging competitions and larger events as well as badminton, football, netball as well as seated events such as shows, presentations, conferences and events.

Palace Theatre & Grand Hall Complex

Ayrshire's premier entertainment venue offers a wonderfully varied programme throughout the year including comedy, music, drama, dance, variety and much more.

River Ayr Way

The River Ayr Way is designated as one of Scotland's Great Trails and is included in the family of long to medium distance routes in Scotland. It is 44 miles from the source of the River Ayr in Glenbuck to the sea at Ayr. 22 miles of the route is managed by East Ayrshire Leisure, with the rest being managed by South Ayrshire Council.

Education & outreach

As well as our public events and activities, we also offer a number of outreach events for schools and educational establishments.

Highlights in 2015 included the Imprint schools programme, where pupils had the opportunity to meet renowned authors and learn more about their work and the writing process. To coincide with 'A Vikings Guide to Deadly Dragons' we offered class guided tours, drama and illustration workshops and writing and illustration competitions. Poet in Residence, William Letford, was based in Burns House Museum and worked with pupils from Mauchline Primary School to create a beautiful slate poetry book using the pupils' words and moulding them into lines of poetry.

Pantomania Day gave primary children the opportunity to explore how panto is produced and to learn the traditions of panto, dress up, create slapstick routines and explore theatrical make-up.

As well as special events and activities, schools are invited to engage with us through a year-long programme such as 'Discover Stories' at the library, tours of our galleries and museums, and environmental education and outdoor learning.

The Countryside Ranger Service supported 441 school visits, attended by 14,500 pupils during 2015-16. This included visits to Dean Castle Country Park as well as education projects in local greenspaces. All outdoor learning activities are linked directly to the Scottish Curriculum for Excellence.

The outdoor learning programme is also offered to tertiary educational establishments with long term projects, such as the 'Dean Lagoons Project' being delivered with Ayrshire College and the Scottish Rural College.

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We also continue to host sports days at Ayrshire Athletics Arena and Stewarton Sports Centre, offering pupils the opportunity to experience sports in a fun, yet competitive, environment. Qualified coaches and staff provide a positive experience for all participants and those showing an interest and talent can develop their skills through our additional activities, many of which have direct links to professional clubs. During 2015-2016 we supported 35 school sports days and competitions, which were attended by 9,574 pupils.

MANAGEMENT ARRANGEMENTS

The Chief Executive and Senior Management Team are responsible for the day to day management of East Ayrshire Leisure's operations. A Scheme of Delegation is in place to allow responsibilities for key tasks to be allocated to appropriate staff. The Scheme of Delegation was approved in 2013 and will be reviewed in 2016. Staff salaries and terms of conditions of employment follow those of East Ayrshire Council and this is expected to continue.

Senior Management Team

John Griffiths (Chief Executive)
Adam Geary (Cultural Services Manager)
Chris Murphy (Sport and Community Venues Manager)
Anneke Freel (Countryside Services Manager) (from 1st April 2016)
Jackie Biggart (People & Finance Manager)
Dianne McGregor (Marketing and Development Manager)

STAFF PROFILE – March 2016

	No of FTE Staff
Cultural Services	61.6
Countryside Services	30.8
Sport and Community Venues	74
Marketing and Development	8.6
People and Finance	18.6
TOTAL	193.6

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ADMINISTRATIVE INFORMATION

Registered Office Dick Institute
14 Elmbank Avenue
Kilmarnock
KA1 3BU
www.eastayrshireleisure.com
01563 554710

Auditor Scott Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Solicitors East Ayrshire Council
London Road Headquarters
Kilmarnock
KA3 7BU

Bankers Royal Bank of Scotland
8 John Finnie Street
Kilmarnock
KA1 1DD

Charity Number SC043987

RISK MANAGEMENT

The Board manages risk in a pro-active manner and prioritises areas of concern. The Risk Register is reviewed regularly as part of the Trustees consideration of the quarterly performance report. Key risks in 2015/16 included: reduction in service payments from East Ayrshire Council; falling income levels: Failure to effectively market, promote and programme facilities and activities; and Failure to deliver the Community Asset Transfer/Asset Rationalisation programmes.

FINANCIAL PROFILE

East Ayrshire Leisure receives funding from East Ayrshire Council to support the delivery of an agreed range of services. Significant savings were generated from the transfer to Trust services and it is expected that further savings will be required during the term of our new Business Plan for 2016-19.

East Ayrshire Leisure also generates income from charges for services and has the ability to submit bids for funding from a wide range of external bodies. Trust staff will bid for funds to support and develop service quality and delivery wherever appropriate opportunities and resources are available.

The agreed baseline budget for 2016/17 is set out below:

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	2016/17
	£
Baseline Budget (excl Savings)	6,071,600
Savings Target	(650,000)
Baseline Budget	5,421,600
Additional Savings Target	(229,000)
Baseline Budget (after Savings)	5,192,600

ASSETS AND RESOURCES

Properties

East Ayrshire Leisure has 25 year leases in place for each of its properties. These properties continue to be in the ownership of East Ayrshire Council and the Council remain responsible for repair and maintenance.

The stock of properties is currently under review and the Council's Asset Rationalisation and Community Asset Transfer programmes, alongside East Ayrshire Leisure's own service review and redesign proposals will see the number of properties managed by East Ayrshire Leisure reduce through 2016-19.

The Council has a major capital investment programme and there are projects being developed, particularly new school campuses that may see new community facilities built that will become the responsibility of East Ayrshire Leisure in due course.

Equipment

East Ayrshire Leisure has access to a wide range of specialist equipment and vehicles that support service delivery, including mobile libraries, grounds maintenance equipment, computers and sports equipment. Ownership of equipment did not transfer in July 2013 and rests with East Ayrshire Council. Inventories that clearly show ownership of equipment are now being kept as items purchased by East Ayrshire Leisure belong to East Ayrshire Leisure, not the Council.

Museum Collections

East Ayrshire Council owns significant museum collection assets which are held within its museums, libraries and archives and is responsible for the management and maintenance of any assets given on loan. East Ayrshire Leisure has been granted licence to use these assets through the Collections Agreement and will maintain and preserve them on behalf of the Council.

ACHIEVEMENT AND PERFORMANCE

The Board's priorities are highlighted in the Business Plan. East Ayrshire Leisure's initial Business Plan covered the period from the establishment of the Trust in July 2013 to the end of the 2015/16 financial year in March 2016. Progress towards the targets set in the Action Plan is reviewed on a quarterly basis and fully reported annually.

The key achievement related to the 2013/16 Business Plan is the successful delivery of the transition to Trust management. East Ayrshire Leisure is now well established and operating effectively. While the review of the scope of East Ayrshire Leisure's services will continue through the period of our second Business Plan (2016-19) there is a significant core remit which is unlikely to change and the Board will concentrate its efforts in the improvement and development of core facilities and services while managing the decommissioning process, in partnership with East Ayrshire Council, for facilities which will transfer to community management.

In terms of the 2015/16 Action Plan, there were several areas where significant progress was achieved i.e.

- New partnerships were developed with both The University of the West of Scotland and Ayrshire College to support service delivery and offer education and training opportunities. Ayrshire College Access to the Environment students were involved in the development of the Dean Castle Lagoons which includes a series of interconnecting ponds and boardwalks, giving access to an area of the Country Park which was previously not available to visitors. This attracted funding from Froglife Scotland and recognition through the Green Gown Awards Programme. This successful working relationship with Ayrshire College has led to a formal partnership being developed for 2016 onwards, where horticultural and arboricultural courses will be taught directly from the Country Park.

Other notable partnerships included those with local community organisation to support local cultural distinctiveness including work with Waterloo 200, Mauchline Burns Club and Darvel Improvement Group.

Important national partnerships included ongoing work with Scottish Libraries and Information Council (SLIC), National Museums of Scotland, Creative Scotland and Heritage Lottery Fund which helps us to deliver our programmes.

- External funding opportunities were identified and bids submitted where appropriate. Staff supported bids submitted in partnership with East Ayrshire Council and funding of around £4.5m was achieved. In July 2015 Dean Castle and Country Park was awarded £3.34m from the Heritage Lottery Fund towards a £4.7m development programme. Subject to planning approval, this ambitious and exciting project will redevelop the park. The Dean Castle restoration and modernisation project is also subject to an HLF funding bid and outcome will be known in 2016 for this £5M project. Collectively both projects will help create a 5 star visitor attraction which will maximise the opportunities that the site has to encourage visitors to participate in, appreciate and value their local natural and cultural heritage.
- Over £82K was raised to support the Cultural programmes across the service, helping to engage new audiences and create new participatory activities. Examples included the Making Some Noise project, Burns Birthday, McKie Collection Project and Read Write Count.

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- As part of the development programme for Dean Castle Country Park, external funding was secured to appoint a Volunteer Co-ordinator and a Natural Heritage Co-ordinator based at Dean Castle Country Park. Whilst these posts will be integral to the delivery of the Country Park development project, they also allow us to further develop our opportunities for volunteering across East Ayrshire Leisure
- East Ayrshire Leisure were also successful in attracting external funds to appoint an Irvine Valley Trails Officer to work with local communities, landowners and stakeholders to develop a network of routes for walking, cycling and horse riding throughout the Irvine Valley. This 40 mile network of paths will link to places of interest throughout the valley as well as provide links to the wider network including Whitelee Windfarm and the River Ayr way.
- 4 Community Sports Hubs were introduced across East Ayrshire in Kilmarnock and Auchinleck, supported by SportsScotland and East Ayrshire Council. The aim of these hubs is to serve as a home for local sport clubs and recreational groups and to encourage the local community to come together and develop local sporting infrastructures by providing information, support and advice. The 'hub' is essentially a partnership of local sport clubs and local organisations working together in the community to enhance sporting, recreational and physical activity opportunities.
- In 2015, East Ayrshire Leisure co-ordinated an audit of all greenspaces throughout East Ayrshire and in partnership with East Ayrshire Council developed a series of action plans for each settlement in the local authority area. These action plans make up the East Ayrshire Green Infrastructure Strategy which outlines the provision of quality, accessible greenspace available to communities and recommends improvements where appropriate. This strategy has been adopted by East Ayrshire Council and is now a material consideration in planning applications to ensure protection and enhancement of the green network.
- Several areas of the Action plan remain as 'ongoing' issues or targets. Where appropriate, these have been carried forward into the 2016-19 Business Plan.

ATTENDANCES

East Ayrshire Leisure offers a wide range of Leisure opportunities for local residents and visitors with both paid-for and free activities available. Changes to East Ayrshire Leisure's facility remit as East Ayrshire Council has transferred buildings to community management have impacted on total attendances, however, attendances in 2015/16 were generally in line with expectations.

Culture and Countryside Services

	2015/16	2014/15
Total Attendances	1,832,395	1,854,859

2015/16 has been a challenging year for our culture and countryside venues/facilities, and key tourist attractions have registered a 2% fall in attendances from the previous year. This however needs to be viewed in the context of mitigating factors including closures during the year, a challenging financial climate and delays implementing service redesign. Explanations are offered below:

East Ayrshire Leisure Trust
Trustees Report
For the year ended 31st March 2016

- The Palace Theatre shows the greatest fall in attendances, but this is set within the context of a record high the previous year. To mitigate risk on show loss we have reduced the number of shows offered as a ‘guarantee’ against loss which has reduced the Palace Theatre programme by 14%. The pantomime, Mother Goose, performed extremely well, attracting record audiences. Hall hire also continues to reduce given the range of facilities now available in Kilmarnock. We have continued to attract large scale music events to the Grand Hall due to our ongoing relationship with concert promoters and highlights throughout 2015-16 included Deacon Blue, Paul Heaton with Jacqui Abbott, Jason Donovan and Johnny Marr.
- New programming and marketing strategies for the Doon Valley Museum, Burns Monument Centre and Baird Institute will help to increase visitor numbers in future years. The Baird Institute has seen temporary staff deployment for the past year, as we waited for the Library review to be concluded and this has disrupted the visitor experience at times.
- The Dean Castle Country Park showed modest gains, but the Castle has seen a drop in attendance from previous highs of 34,000 several years ago, although this can be attributed to the ongoing closure of parts of the castle due to health and safety and collection care concerns. If funding is successful, the restoration and modernisation proposals for the castle will see an increase in visitors in years to come.
- The reduced visitor figures for libraries are explained by the closure of the following facilities as part of the service redesign during 2015/16: Catrine, Dalmellington, Hurlford, Kilmaurs, Ochiltree and Mauchline. It should be noted that Mauchline Library moved to The Burns House Museum during late January. It is clear that library usage has been in decline during the last 10 years and our challenge with the service redesign will be to bring people back, or introduce new people, to the service.
- Our mobile library service has also suffered from persistent vehicle problems that has taken the service off the road for periods of time. The introduction of a new Homewords service and procurement of two new mobile vehicles in 2016/17 will help address this issue.
- Online access to Museum Collections through Future Museum (www.futuremuseum.co.uk) has shown a 36% increase in visit numbers since start of Business Plan. The site however needs to be redesigned to ensure it maintains its relevance and funding bids are being developed with the partnership. During last year we have experienced the first decline in use since inception.

	2015/16	2014/15
Visits	225,692	245,557

Sport & Community Venues

	2015/16	2014/15
Total Attendances	774,569	778,868

- Attendances at Sport and Community Venues show a minor reduction (0.5%) when compared to 2014/15, however, unforeseen facility maintenance and repairs across several venues more than accounts for this decline, e.g. water ingress at Gavin Hamilton Sports

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Trustees Report
For the year ended 31st March 2016

Centre and Muirkirk Games Hall, electrical installation works at Doon Valley Leisure Centre.

- Attendances at smaller facilities show gradual decline, however, attendances at larger facilities such as Auchinleck and Loudoun Leisure Centres are rising. Some existing customers may be moving to the larger facilities to take advantage of the improved range and quality of facilities on offer.
- Golf Course attendances showed slight reductions during the year. Caprington Golf Course transferred to community management in July 2015. We have been continuing to work closely with Annanhill Golf Club to improve the course and facilities available to players and visitors with investments being made to improve drainage, onsite facilities and purchase new machinery.

Online visitors

Our website was launched early 2014 and has continued to attract more visitors throughout the life of our Business Plan.

Website

Sessions on our website have grown by 24% since 2014-15:

	2015/16	2014/15
Sessions	291,736	235,263

With page views across the site also growing by 24%:

	2015/16	2014/15
Views	775,630	625,445

Facebook

Over our Facebook pages* during 2015-16, we have amassed:

	2015/16	2014/15	growth
Total page likes	12,841	8,411	53%

Total Combined Reach 2015-16: 1,348,723

Total Post Impressions 2015-16: 2,946,094

*pages include: East Ayrshire Leisure, Auchinleck Leisure Centre, Hunter Fitness Suite, Ayrshire Athletics Arena, Loudoun Leisure Centre, Catrine Games Hall, Mauchline Games Hall, Doon Valley Leisure Centre, Muirkirk Games Hall, Drongan Games Hall, Patna Games Hall, St Joseph's Leisure Centre, Gavin Hamilton Sports Centre, Stewarton Leisure Centre, Grange Leisure Centre, Stewarton Area Centre

Twitter

Our @EALeisure account has attracted increases:

	2015/16	2014/15	growth
Followers	1,863	1,110	68%
Impressions	428,000	154,300	177%

Statement of Trustees' Responsibilities

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

The law applicable to charities in Scotland 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 charity and of the incoming resources and application of resources of the charity 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions for the charity's constitution. 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 Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

To the knowledge and belief of each of the persons who are Trustees at the time the report is approved:

- So far as the Trustee is aware, there is no relevant information of which the charity's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information, and to establish that the charity's auditor is aware of the information.

Trustees' Report

Approved by the Board on 13th September 2016 and signed on its behalf by:

.....

Douglas Reid
Chair of the Board

.....

John Griffiths
Chief Executive

**East Ayrshire Leisure Trust
Independent Auditor's Report
For the year ended 31st March 2016**

We have audited the financial statements of East Ayrshire Leisure Trust for the period ended 31st March 2016 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)'.

This report is made solely to the charity's Trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee (Scotland) Investment Act 2005 and regulations made under that Act. Our audit work has been undertaken so that we might state to the charity'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 charity 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 Trustees' Responsibilities Statement set out on page 16, the Trustees are responsible for the preparation of the financial statements which give a true and fair view.

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

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at 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 charity's affairs as at 31st March 2016 and of its incoming resources and application of resources, 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**East Ayrshire Leisure Trust
Independent Auditor's Report
For the year ended 31st March 2016**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Nick Bennett
Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date:.....

East Ayrshire Leisure Trust
Statement of Financial Activities
For the year ended 31st March 2016

	Notes	Unrestricted Fund 2016	Restricted Funds 2016	2016	2015
		£	£	£	
Income from:					
Donations	4	-	-	-	56,720
Charitable activities	4	7,888,086	69,130	7,957,216	8,424,415
Investments	4	5,548	-	5,548	3,523
Total income		7,893,634	69,130	7,962,764	8,484,658
Expenditure on:					
Charitable activities	5	8,040,200	74,340	8,114,540	8,159,631
Other (net interest defined benefit pension scheme)	9	94,000	-	94,000	71,000
Total expenditure		8,134,200	74,340	8,208,540	8,230,631
Net income/(expenditure)		(240,566)	(5,210)	(245,776)	254,027
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	9	2,333,000	-	2,333,000	(844,000)
Net movement in funds		2,092,434	(5,210)	2,087,224	(589,973)
Reconciliation of funds:					
Total funds brought forward		(1,967,440)	78,409	(1,889,031)	(1,299,058)
Total funds carried forward	17	124,994	73,199	198,193	(1,889,031)

The Statement of Financial Activities includes all gains and losses recognised in the year. None of the charity's activities were acquired or discontinued during the above period.

The notes on pages 22 to 39 form part of these financial statements.

East Ayrshire Leisure Trust
Balance Sheet
As at 31st March 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	10	70,197	17,440
Heritage assets	11	34,920	34,920
		<u>105,117</u>	<u>52,360</u>
Current assets			
Stocks and work in progress	12	8,391	8,047
Debtors	13	1,131,769	1,154,705
Cash at bank and in hand		1,806,595	1,540,538
		<u>2,946,755</u>	<u>2,703,290</u>
Liabilities			
Creditors: Amounts falling due within one year	14	(2,053,679)	(1,962,681)
		<u>893,076</u>	<u>740,609</u>
Net current assets		<u>998,193</u>	<u>792,969</u>
Net assets excluding pension liability		<u>998,193</u>	<u>792,969</u>
Defined benefit pension scheme liability	9	(800,000)	(2,682,000)
Total net liabilities		<u>198,193</u>	<u>(1,889,031)</u>
The funds of the charity:			
Restricted income funds	17	73,199	78,409
Unrestricted funds (excluding pension reserve)	17	924,994	714,560
Pension reserve		(800,000)	(2,682,000)
Funds		<u>198,193</u>	<u>(1,889,031)</u>

The financial statements were approved and authorised for issue by the Board on

.....

Chair of the Board

Chief Executive

The notes on pages 22 to 39 form part of these financial statements

East Ayrshire Leisure Trust
Statement of Cash Flow for the year ended 31st March 2016

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	18	331,896	381,448
Cash flows from investing activities:			
Investment income		5,548	3,523
Donated fixed assets/heritage assets		-	(56,720)
Purchase of property, plant and equipment		(71,387)	-
Net cash provided by/(used in) investing activities		(71,387)	(53,197)
Change in cash and cash equivalents in the reporting period		266,057	328,251
Cash at the beginning of the reporting period		1,540,538	1,212,287
Cash at the end of the reporting period		1,806,595	1,540,538

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

I. Accounting Policies

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

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015) – (Charities SORP (FRS 102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

East Ayrshire Leisure Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Before 2015 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" and referred to below as "previous UK GAAP". The financial effects of the transition to FRS 102 are set out in note 2 below

Incoming resources

Income from leisure, cultural and related activity is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it.

Revenue grants, including those from government, are recognised in the Statement of Financial Activities (SoFA) in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Such income is deferred when the charity has to fulfil conditions before becoming entitled to it.

Management fees and other incoming resources are recognised in the period to which they relate.

Investment income is recognised in the period in which it is receivable.

Expenditure recognition and allocation of expenditure

Expenditure is recognised when a liability is incurred.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

Where possible, expenditure has been charged direct to charitable expenditure or governance cost. Where this is not possible the expenditure is allocated on the basis of time spent by staff on each activity.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs are provided by East Ayrshire Council and include HR, legal, finance. The bases on which support costs have been allocated are set out in note 6.

Tangible Fixed Assets and Depreciation

It is the policy of the charity to capitalise expenditure of a capital nature in excess of £5,000.

Assets donated to the charity are included in the Balance Sheet and Statement of Financial Activities at cost.

Depreciation is charged to write off the cost less the estimated residual value of fixed assets by equal instalments over their estimated useful lives as follows:

Furniture and equipment: 5 years

Heritage Assets

Heritage Assets includes tangible fixed assets which are of historic, artistic or scientific importance that are held to advance preservation and conservation objectives of the charity. Heritage Assets are presented separately in the Balance Sheet from other Tangible Fixed Assets. Heritage Assets are reported at cost. Depreciation has not been provided on heritage assets due to these assets having indefinite long useful lives.

Lease commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities as incurred.

Stock

Stocks are valued at the lower of cost and net realisable value in the ordinary course of activities.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Debtors

Trade debtors are amounts due from customers for services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at fair value.

Financial assets and financial liabilities

Financial instruments are recognised in the statements of financial activities when the charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from asset to expire, or when the charitable company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Pensions

East Ayrshire Leisure Trust operates a defined benefit scheme in respect of its employees. The assets of the scheme are held in external funds managed by professional investment managers.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Financial Activities. All costs related to the defined benefit scheme are recognised in the Statement of Financial Activities.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised in the statement of financial activities when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

VAT

The charity is partially exempt from VAT. Irrecoverable VAT is charged to the Statement of Financial Activities as an expense.

Unrestricted funds

Surplus revenue funds held within unrestricted funds are carried forward to meet the cost of future activities mainly of a revenue nature.

Commitments for specific activities and needs in the future are dealt with by making allocations to designated funds.

Restricted funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the appropriate fund, together with a fair allocation of management support costs where this is considered appropriate.

Taxation

The charity has charitable status and is therefore exempt from taxation under Sections 466 to 493 Corporation Tax Act 2010 (CTA 2010).

Going concern

The financial statements have been prepared on the basis of accounting policies that are consistent with the treatment of the charity as a going concern. The current funding agreement with East Ayrshire Council covers up to the 31 March 2017. In the Trustee's opinion, the charity will be able to continue for the foreseeable future. East Ayrshire Leisure participates in a defined benefit retirement scheme, excluding the deficit on this scheme (£800,000), the charity reported unrestricted funds of £924,994.

2. Transition to FRS 102

These financial statements for the year ended 31st March 2016 are the charity's first financial statements that comply with FRS 102. The charity's date of transition to FRS 102 is 1st April 2014. The charity's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31st March 2015.

The transition to FRS 102 has resulted in changes in the charity's accounting policies compared to those used when applying previous UK GAAP.

The following explanatory notes to the financial statements describe the differences between the funds and income and expenditure presented under the previous UK GAAP and the newly presented amounts under FRS 102 for the reporting period ended 31st March 2015 (i.e. comparative information), as well as the funds presented in the opening statement of the balance sheet (i.e. at 1st April 2014). It also describes the changes in accounting policies made on first-time adoption of FRS 102.

In the table below, funds determined in accordance with FRS 102 are reconciled to funds determined in accordance with previous UK GAAP at both 1st April 2014 (the date of transition to FRS 102) and 31st March 2015.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

	At 1 st April 2014			At 31 st March 2015		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP restated	Effect of transition	FRS 102
	£	£	£	£	£	£
Fixed assets:						
Tangible fixed assets	-	-	-	17,440	-	17,440
Heritage assets	-	-	-	34,920	-	34,920
Current assets:						
Stocks	-	-	-	8,047	-	8,047
Debtors	1,008,842	-	1,008,842	1,154,705	-	1,154,705
Cash at bank and in hand	1,212,287	-	1,212,287	1,540,538	-	1,540,538
Liabilities:						
Creditors:						
Amounts falling due within one year	(1,923,007)	(92,180)	(2,015,187)	(1,870,501)	(92,180)	(1,962,681)
Net current assets	298,122	(92,180)	205,942	832,789	(92,180)	740,609
Total assets less current liabilities	298,122	(92,180)	205,942	885,149	(92,180)	792,969
Pension fund liability	(1,505,000)	-	(1,505,000)	(2,682,000)	-	(2,682,000)
Total net liabilities	(1,206,878)	(92,180)	(1,299,058)	(1,796,851)	(92,180)	(1,889,031)
The funds of the charity:						
Unrestricted funds	149,459	(92,180)	57,279	806,740	(92,180)	714,560
Designated funds	53,200	-	53,200	-	-	-
Pension reserve	(1,505,000)	-	(1,505,000)	(2,682,000)	-	(2,682,000)
Restricted funds	95,463	-	95,463	78,409	-	78,409
Total charity funds	(1,206,878)	(92,180)	(1,299,058)	(1,796,851)	(92,180)	(1,889,031)

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

Reconciliation of net movement in funds for the year ended 31st March 2015

	Notes	Previous UK GAAP £	Effect of transition £	FRS 102 £
Income from:				
Donations		56,720	-	56,720
Charitable activities		8,424,415	-	8,424,415
Investment		3,523	-	3,523
Other finance income	(a)	122,000	122,000	-
Total		8,606,658		8,484,658
Expenditure on:				
Charitable activities	(b)	8,159,631	-	8,159,631
Other	(a)	-	71,000	71,000
Total		8,159,631		8,230,631
Net income/(expenditure)		447,027		245,027
Other recognised gains/(losses):				
Actuarial gains/(losses) on defined benefit pension scheme		(1,037,000)	193,000	(844,000)
Net movement in funds		(589,973)	-	(589,973)

(a) Recognition of the adjustments to the defined benefit pension scheme has been restated under FRS 102.

(b) In accordance with FRS 102, a provision for paid annual leave has been recognised at the date of transition, 1st April 2014. The movement in the provision for the year ended 31st March 2015 has also been recognised as an effect of transition (nil movement).

3. Critical judgements and estimates

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Defined benefit pension and other post-employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

4. Income

Donations

Following the 2014 Commonwealth Games, the Trust received donated assets to the value of £21,800. These were recognised as voluntary income in the Statement of Financial Activities in 2014/15. The Trust also received donations, in 2014/15, from a number of sources towards the purchase of the Eglinton Statue (£34,920). No such donations were received in 2015/16.

Investment income

Investment income comprises bank interest. In 2016 bank interest received £5,548 (2015: £3,523).

Income from charitable activities is as follows:

	2016	2016	2016	31st March
	Operating	Restricted	Total	2015
	Fund	Fund		£
	£	£	£	
Chief Executive & Central Support	6,004,243	-	6,004,243	6,370,083
Marketing & Development	1,560	-	1,560	1,500
Cultural & Countryside	567,081	-	567,081	574,542
Sport & Community Venues	1,315,202	-	1,315,202	1,367,242
Projects	-	69,130	69,130	111,048
	<u>7,888,086</u>	<u>69,130</u>	<u>7,957,216</u>	<u>8,424,415</u>
Total income from provision of facilities and services				

A management service fee of £6,001,620 was received from East Ayrshire Council for the year (2015: £6,109,380).

Income on charitable activities was £7,957,216 (2015: £8,424,415) of which £7,888,086 was unrestricted (2015: £8,313,367) and £69,130 (2015: £111,048) was restricted. All other income was unrestricted.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

5. Charitable expenditure

	Chief Executive & Central Support	Marketing & Development	Cultural & Countryside	Sport & Community Venues	Projects	Total	2015
	£	£	£	£	£	£	£
Employee costs	831,746	236,088	2,529,025	2,063,337	453	5,660,649	5,578,121
Property costs	15,861	-	345,796	531,486	-	893,143	900,560
Supplies and Services	62,777	110,924	739,920	291,407	73,076	1,278,104	1,388,322
Transport Costs	-	-	33,871	16,725	811	51,407	69,163
Support Services	212,400	-	-	-	-	212,400	212,400
Governance	18,137	-	-	700	-	18,837	11,065
Total	1,140,921	347,012	3,648,612	2,903,655	74,340	8,114,540	8,159,631

Expenditure on charitable activities was £8,114,540 (2015: £8,159,631) of which £8,040,200 was unrestricted (2015: £8,031,529) and £74,340 (2015: £128,102) was restricted. All other income was unrestricted.

6. Analysis of governance and support costs

	General Support	Governance	2016 £	2015 £
Health and Safety	4,400	-	4,400	4,400
Internal Audit	-	4,000	4,000	4,000
Human Resources	65,000	-	65,000	65,000
Corporate Infrastructure	40,000	-	40,000	40,000
Finance	54,000	-	54,000	54,000
Legal and Procurement Services	10,000	35,000	45,000	45,000
Audit fees	-	10,815	10,815	11,065
Consultants fees	3,892	-	3,892	-
Accountancy fees	4,130	-	4,130	-
	181,422	49,815	231,237	223,465

East Ayrshire Leisure receives support services from East Ayrshire Council. The total cost of support services provided by the Council in 2016 was £212,400 (2015 £212,400). The governance element of the support costs provided by the Council are calculated based on time spent throughout the year on governance activities.

The costs associated with trustee indemnity insurance are met by East Ayrshire Council.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

7. Staff Costs and Numbers

	2016	2015
	£	£
Wages and salaries	4,148,289	4,185,211
Social security costs	240,658	241,726
Other pension costs	957,334	851,984
Other staff costs	314,368	299,200
	<u>5,660,649</u>	<u>5,578,121</u>

13 members of staff were made redundant during the year and received lump sum payments totalling £71,669. The cost of these redundancies is fully funded by East Ayrshire Council.

Employees receiving salaries, including benefits in kind, of more than £60,000 were are follows:

£70,000 - £79,999 1 (2015: 1)

The senior management team comprises five staff members. The total employee benefits of the senior management team were £315,349 (2015: 305,901)

The average number of employees during the period was made up as follows:

	2016	2015
	Number	Number
East Ayrshire Leisure Trust		
Full-time (permanent)	112	111
Part-time (permanent)	125	135
	<u>237</u>	<u>246</u>

During the year trustees received no remuneration (2015: nil). Trustee expenses totalled £139 (2015: nil). No trustees received payment for professional or other services supplied to the charity (2016: nil).

8. Operating Surplus

	2016	2015
	£	£
The operating surplus is stated after charging/(crediting)		
Auditors' remuneration (including expenses) for audit	10,815	10,315
for other services	3,350	750

9. Pension Costs

East Ayrshire Leisure Trust is an admitted body of the Strathclyde Pension Fund. The Superannuation Fund is a defined benefit scheme into which employee' and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

Employees' contributions are tiered and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31st March 2014 and following this valuation employer's contributions increased to 19.3% for the years ended 31st March 2015 and 2016 and 2017 respectively.

As sponsoring authority, East Ayrshire Council has guaranteed to accept liability for any unfunded costs which may arise with regard to the Trust relating to their membership in the Strathclyde Pension Fund, should they cease to exist.

The movement in the defined benefit obligation over the year is as follows:

	31st March 2016	31st March 2015
	£'000	£'000
Opening defined benefit obligation	17,188	12,534
Current service cost	956	856
Interest cost on defined benefit obligation	581	559
Contributions by members	184	181
Actuarial losses/(gains)	(2,436)	3,155
Estimated benefits paid	(278)	(97)
	<hr/>	<hr/>
Closing defined benefit obligation	<u>16,195</u>	<u>17,188</u>

The movement in the fair value of plan assets in the year is as follows:

	31st March 2016	31st March 2015
	£'000	£'000
Opening fair value of plan assets	14,506	11,029
Interest income on plan assets	487	488
Contributions by members	184	181
Contributions by the employer	599	594
Actuarial loss/gain	(103)	2,311
Estimated benefits paid	(278)	(97)
	<hr/>	<hr/>
Closing fair value of plan assets	<u>15,395</u>	<u>14,506</u>

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

Amounts recognised in net income/expenditure (per SOFA):

	31st March 2016	31st March 2015
	£'000	£'000
Current service cost	(956)	(856)
Total service cost	(956)	(856)
Net interest		
Interest income on plan assets	487	488
Interest cost on defined benefit obligation	(581)	(559)
Total net interest	(94)	(71)
Total defined benefit cost recognised in net income/expenditure per the SOFA	(1,050)	(927)

The major categories of plan assets as a % of the total plan assets are as follows:

	31st March 2016	31st March 2015
	%	%
Equities	72	75
Bonds	16	13
Property	12	11
Cash	0	1

The estimated employer contributions for the year to 31 March 2017 are £599,000.

The principal actuarial assumptions used in the calculations are:

	31st March 2016	31st March 2015
	% per annum	% per annum
Pension Increase Rate	2.2	2.5
Salary Increase Rate	4.2	4.4
Discount Rate	3.6	3.3

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

10. Fixed Assets

	Furniture & Equipment	Total
	£	£
Cost		
As at 1 st April 2015	21,800	21,800
Additions	71,387	71,387
	<u>93,187</u>	<u>93,187</u>
As at 31 st March 2016	<u>93,187</u>	<u>93,187</u>
Depreciation		
As at 1 st April 2015	4,360	4,360
Charge	18,630	18,630
	<u>22,990</u>	<u>22,990</u>
As at 31 st March 2016	<u>22,990</u>	<u>22,990</u>
Net book value		
As at 31 st March 2015	17,440	17,440
As at 31 st March 2016	<u>70,197</u>	<u>70,197</u>

11. Heritage Assets

In 2014/15, the Trust procured a silver gilt sculpture of Lord Eglinton. This asset was fully funded by external providers.

	Heritage Assets	Total
	£	£
Cost		
As at 1 st April 2015	34,920	34,920
Additions	-	-
	<u>34,920</u>	<u>34,920</u>
As at 31 st March 2016	<u>34,920</u>	<u>34,920</u>
Net book value		
As at 31 st March 2015	34,920	34,920
As at 31 st March 2016	<u>34,920</u>	<u>34,920</u>

12. Stock

	2016	2015
	£	£
Goods for re-sale	<u>8,391</u>	<u>8,047</u>

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

13. Debtors

	2016	2015
	£	£
Amounts due from East Ayrshire Council	987,675	986,583
Trade debtors	70,437	90,657
Other debtors and prepayments	73,657	77,465
	<u>1,131,769</u>	<u>1,154,705</u>

14. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Amounts owed to East Ayrshire Council	380,231	296,063
Trade creditors	223,665	218,891
Accruals and deferred income	1,026,840	904,625
Taxation and social security	422,943	543,102
	<u>2,053,679</u>	<u>1,962,681</u>

15. Deferred income

Deferred income comprises advanced ticket sales.

	2016	2015
	£	£
Balance as at 1 st April 2015	37,506	57,473
Amounts released to income during 2015/16	(37,506)	(57,473)
Amounts deferred in year	65,480	37,506
	<u>65,480</u>	<u>37,506</u>

16. Financial assets and liabilities

	2016	2015
	£	£
Financial assets at amortised cost	2,866,428	2,656,172
Financial liabilities at amortised cost	(1,565,256)	(1,382,073)
	<u>1,301,172</u>	<u>1,274,099</u>

Financial assets comprise amounts due from East Ayrshire Council, trade debtors, other debtors and cash and bank balances.

Financial liabilities comprise amounts due from East Ayrshire Council, trade creditors and accruals.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

17. Reserves

Funds	Unrestricted Funds	Restricted Funds	2016 Total	2015 Total
	£	£	£	£
Balance at 31 st March 2016				
Represented by:				
Fixed assets	105,117	-	105,117	52,360
Net current assets	819,877	73,199	893,076	740,609
Retirement benefit scheme deficit	(800,000)	-	(800,000)	(2,682,000)
	<u>124,994</u>	<u>73,199</u>	<u>198,193</u>	<u>(1,889,031)</u>

Unrestricted Fund	Opening Balance at 1st April 2015	Incoming	Outgoing	Transfers	Actuarial Loss	Closing Balance at 31st March 2016
	£	£	£	£	£	£
Unrestricted fund	714,560	7,893,634	(7,683,200)	(99,150)	-	825,844
Designated funds	-	-	-	99,150	-	99,150
Pension reserve	(2,682,000)	-	(451,000)	-	2,333,000	(800,000)
	<u>(1,967,440)</u>	<u>7,893,634</u>	<u>(8,134,200)</u>	<u>-</u>	<u>2,333,000</u>	<u>124,994</u>

Designated funds were established in 2016 for the following:

	2016
	£
Annanhill equipment	15,000
Annanhill staff welfare	6,000
Security measures at Annanhill	15,000
Libraries SIRSI upgrade	15,000
Housebound van fit out and design/promotion	5,000
Housebound van purchase	9,000
Mauchline Library Wi-fi install	4,650
Fortress security alarm installations	4,500
Pole vault equipment	20,000
Floor machine for Palace Theatre	5,000
Total designated funds	<u>99,150</u>

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

Restricted Funds	Opening Balance £	2016 Incoming Resources £	2016 Resources Expended £	2016 Closing Balance £
Unsigned Unlimited	4,210	360	6,209	(1,639)
Creative place	24,639	-	68	24,571
Ayrshire Libraries forum	4,586	-	80	4,506
Deep roots	1,506	655	2,161	-
Scotland Creates (Legacy of Lace)	15,325	-	-	15,325
WWI	2,021	(839)	1,182	-
Wifi	11,590	11,500	11,590	11,500
Training in new technologies	10,000	-	10,000	-
Poet in residence	1,750	(44)	1,706	-
Textile team	1,114	60	497	677
Ritcher Engagement	1,668	(942)	726	-
When We are Young	-	1,660	1,660	-
Keir Hardie	-	8,847	8,847	-
Still Future II	-	15,106	10,799	4,307
Countryside Festival	-	12,200	10,651	1,549
Burns Birthday in Mauchline	-	5,742	5,742	-
The McKie Collection	-	10,175	-	10,175
Read Write Count	-	4,650	2,422	2,228
Totals	78,409	69,130	74,340	73,199

Unsigned Unlimited is project funded by Creative Scotland to help young people to network and perform and learn about the music industry. The young people in the project often feature in our event programme.

Creative Place is funded from Creative Scotland to bring high quality events and exhibitions to Kilmarnock, supporting regeneration and tourism.

Ayrshire Libraries Forum is a network partnership of the three Ayrshire councils, Ayrshire NHS, school, prison and higher education libraries to be used towards the upkeep of Ayrshire Working Lives website.

Deep Roots received funding from HLF and EventsScotland to support our Homecoming 2015 project for Dean Castle and Country Park. The project included two major events/education programmes in October/November, tree planting programme for the creation of Boyd Wood and new exhibition about the Boyds at the Castle. This was a highly successful project and balance of funds will be used to support the Boyd wood development.

Scotland Creates (Legacy of Lace) is funding received from National Museums Scotland on behalf of the Esmee Fairbairn Foundation, to engage young people in museums through development of exhibitions and associated events.

WWI project received funding from Lottery Funding to help school pupils to research, record and interpret East Ayrshire's Museum, Library and Archive collections relating to WWI and specifically Ayrshire's experience of the war. A full educational programme based around the collections, together with an exhibition at the Baird Institute and digital archive, will be created.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

The WiFi project is funded by the Scottish Library and Information Council. Additional funding was awarded in the year to complete the library Wifi rollout across our part-time libraries not covered by Phase I of the project, including Newmilns, Bellfield and Drongan.

Training in New Technologies project is funded by the Scottish Library and Information Council to train Library staff in new technologies such as tablet, smartphones and iPads. Once trained, the library staff will be equipped to assist customers in making the most of their own devices.

Poet in Residence took place at Burns House Museum during March/April 2016 and was funded by Museums Association and Scottish Book Trust to help develop new audiences from the museum.

Textile team is a team of volunteers that were originally funded by HLF to carry out restoration and repair of textiles. The remaining funding supports the group to continue with its work.

The Richter Engagement programme is funded by the Artfund to allow young people between ages of 14 and 25 to participate in a high quality out-of-school visual arts activity, working alongside three artists to investigate Richter's work and develop their own new work inspired by the exhibition.

When We Are Young was a successful exhibition and event programme that took place at The Baird and received funds from HLF to develop and deliver the exhibition and workshop programme.

Keir Hardie funding (HLF) was used to support the exhibition and talk programme and digitisation of Keir Hardie collections.

Still Future II is a new exhibition featuring the work of nine Scottish artists. It has received funding from Creative Scotland and resulted in a major new exhibition at the Dick Institute during 2016.

The 2015 East Ayrshire Countryside Festival received £10,000 from Awards for All to promote healthy outdoor activities throughout East Ayrshire. The project include a number of structured walks, walking festivals, cycling events, evening talks and large scale community events. The aim of the project was to target community integration and promote sustainable healthy lifestyles. The Countryside Festival attracted over 5,000 participants over a 4 week period.

The Burns Birthday in Mauchline was funded by Eventscotland to provide a celebration of Burns in our Burns House Museum and Library in Mauchline. The event enabled us to present workshops, events and educational activities for schools.

The McKie Collection fund by Museum Galleries Scotland to support the digitisation of the McKie collection.

Read Write Count is a Scotland wide initiative to improve literacy and numeracy skills for young people.

East Ayrshire Leisure Trust
Notes to the Accounts
For the year ended 31st March 2016

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the SOFA)	(245,776)	254,027
Adjustments for:		
Interest received	(5,548)	(3,523)
Depreciation	18,630	4,360
Net cost in respect of pensions	451,000	333,000
(Increase)/decrease in stock	(344)	(8,047)
(Increase)/decrease in debtors	22,936	(145,863)
Increase/(decrease) in creditors	90,998	(52,506)
Net cash provided by (used in) operating activities	331,896	381,448

Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand	1,806,595	1,540,538
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
Total cash and cash equivalents	1,806,595	1,540,538

19. Operating lease commitments

Annual lease commitments under leases expiring:

	Other 2016	Other 2015
	£	£
In two to five years	6,754	20,223

20. Related parties

East Ayrshire Council made a contribution in line with the Services Agreement of £6,001,620 (2015: £6,109,380). Facilities were leased to East Ayrshire Leisure for a peppercorn rent. East Ayrshire Council also provided various support functions including Legal, Finance and IT for which the charity was charged £212,400 (2015: £212,400).

The relevant transactions and balances with East Ayrshire Council were:

2015/16				2014/15			
Charges to	Charges from	Due from	Due to	Charges to	Charges from	Due from	Due to
£	£	£	£	£	£	£	£
6,508,547	790,266	987,675	380,231	7,086,000	466,000	987,000	296,000

21. Contingent Liabilities

There are currently two public liability cases ongoing (2015: five). These are being handled via East Ayrshire Council's insurer (Zurich). If it is determined that the Trust is liable, it will need to pay the first £500 and the remainder will be covered by the insurer. Until the Assessor has completed its work, the Trust accepts no liability for these claims.

22. Post Balance Sheet Event

None

23. Non-Audit Services

In common with many other charities of a similar size, the charity's auditor assists with the preparation of the financial statements. This service is commissioned by East Ayrshire Council.



East Ayrshire Leisure

Audit management report for the year ended 31
March 2016

August 2016

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1

Introduction

Introduction

1. In recognising the importance of effective two-way communication in an audit of financial statements, we have prepared this report to provide you with constructive observations arising from the audit process.
2. International Standards on Auditing (UK & Ireland) 260, "Communication with those charged with governance" and 265 "Communicating deficiencies in internal control to those charged with governance" require Scott-Moncrieff to report to those charged with governance the significant findings from our audit.
3. This report aims to provide the trustees with constructive observations arising from the audit process. We set out in this report details of:
 - any expected modifications to our audit reports;
 - any unadjusted items in the financial statements (except any unadjusted items which are clearly trivial) including the effect of unadjusted items related to prior periods on the current period;
 - any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures; and
 - any other relevant matters.
4. Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to may not be the only shortcomings which exist. Communication in this report of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
5. We take this opportunity to remind you that:
 - This report has been prepared for the sole use of the Board of East Ayrshire Leisure (the Trust);
 - It must not be disclosed to any third party without our written consent; and
 - No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.
6. The report has been discussed and agreed with John Griffiths (Chief Executive) and Jackie Biggart (Central Support Manager).
7. We would like to thank the John, Jackie and the rest of the staff for their kind co-operation and assistance during our audit.

2

Financial statements

Financial statements

Audit conclusion

8. In our opinion the financial statements give a true and fair view and comply with the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities and Trustee Investment (Scotland) Act 2005 and all relevant accounting standards.
9. We are pleased to report that our audit report, which is included in the financial statements, is unqualified. In our opinion, from information provided to us during the audit, no events or conditions appear to exist which cast doubt on the Trust's ability to continue as a going concern. We are therefore satisfied with the disclosure in the financial statements.
10. Our audit opinion is based on your approval of the financial statements and signing of the letter of representation, a draft of which is included as an appendix to this report. Within the letter, you

confirm that there are no subsequent events that require amendment to the financial statements.

Our assessment of risks of material misstatement

11. The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on each set of financial statements is not modified with respect to any of the risks described in Exhibit 1 below.

Exhibit 1: Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

1.1 Financial Reporting Standard 102

Financial Reporting Standard 102 (FRS 102) and the Charities SORP (FRS 102) became mandatory for accounting periods beginning on or after 1 January 2015. The first set of financial statements which East Ayrshire Leisure will need to prepare under this new regime will be for the year ended 31 March 2016. The comparative figures will also require to be restated in accordance with FRS 102 which will involve the Balance Sheet position as at 31 March 2014 being restated in order to provide the correct starting point as at 1 April 2014. There is a risk that the financial statements for the year ended 31 March 2016 are not fully compliant with FRS 102.

Noted in 2015/16 External Audit Plan



12. We have reviewed the accounting policy choices and the resulting transitional adjustments and disclosures made by East Ayrshire Leisure to ensure that these are reasonable and have been adopted correctly. These transition adjustments are disclosed in the financial statements of the Trust. Two adjustments were made to the prior year financial statements as a result of the transition to FRS 102:
 - A provision for paid annual leave (£92,180) has been recognised at the date of transition (1 April 2014). The movement in the provision for the year ended 31 March 2015 has also been recognised. This however was nil.
 - Recognition of adjustments to the defined benefit pension scheme. This has impacted on the SOFA, but the net pension liability has not changed.

Exhibit 1: Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

- 13. As a result of these adjustments, the Trust’s overall net liability position as at 31 March 2015 increased to £1,889,031 (before restatement £1,796,851).

Conclusion: Satisfactory assurance has been gained in respect of the mitigation of this risk.

1.2 Revenue recognition

Under International Standard on Auditing (UK & Ireland) 240, “The auditor’s responsibilities relating to fraud in an audit of financial statements” there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the Trust could adopt accounting policies or recognise income in such a way as to lead to a material misstatement in the reported revenue position.

Noted in 2015/16 External Audit Plan



- 14. We have evaluated each material revenue stream, considered the Trust’s revenue recognition policy and carried out testing to ensure this is appropriate and has been applied.

Conclusion: We have gained satisfactory assurance in respect of the completeness and occurrence of revenue transactions in the year.

1.3 Management override

In any organisation, there is a risk that management and trustees have the ability to process transactions or make adjustments to the financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements. We treat this as a presumed risk area in accordance with International Standard on Auditing (UK & Ireland) 240, “The auditor’s responsibilities relating to fraud in an audit of financial statements”.

Noted in 2015/16 External Audit Plan



- 15. We have reviewed the accounting records, including journals, and did not identify any significant transactions outside the normal financial control processes. We did not identify any evidence of management override.

Conclusion: Satisfactory assurance has been gained in respect of the mitigation of this risk.

Our application of materiality

- 16. The assessment of what is material is a matter of professional judgement and involves considering both the amount and the nature of the misstatement. This means that different materiality levels will be applied to different elements of the financial statements.

- 17. Our assessment of materiality is set out in the following table:

Materiality
£80,000

- 18. Our assessment of materiality remained at this level throughout our audit. Our assessment of materiality is set with reference to a range of benchmarks (including incoming resources and any surplus/deficit on provision of services).

We consider these to be the principal considerations for the users of the financial statements when assessing the performance of East Ayrshire Leisure.

19. We set a performance materiality for each area of work based on a risk assessment for the area and percentage application of overall materiality. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means we are performing a greater level of testing on the areas deemed to be of significant risk of material misstatement. Performance testing thresholds used are set out in the table below:

Area risk assessment	Performance Materiality
High	£40,000
Medium	£48,000
Low	£60,000

20. We noted within our External Audit Plan that we would report all audit differences in excess of 5% of the overall materiality figure, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Audit differences

21. We identified two audit adjustments; the details of which are disclosed in appendix 2.
22. We did not identify any unadjusted items.

An overview of the scope of our audit

23. The scope of our audit was detailed in our External Audit Plan. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Trust. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during

the course of the audit to take account of developments that arise.

24. At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.
25. Our standard audit approach is based on performing substantive tests and detailed analytical review. Tailored audit procedures, including those designed to address significant risks, were completed by the audit fieldwork team and the results were reviewed by the audit manager and audit partner. In performing our work we have applied the concept of materiality, which is explained earlier in this report.

Accounting systems and internal controls

26. During the course of our audit of the financial statements, we examined the principal internal controls which the trustees have established to enable them to ensure, as far as possible, the accuracy and reliability of the Trust's accounting records and to safeguard its assets.
27. It should be noted that our audit was planned and performed in order to allow us to provide an opinion on the financial statements and it should not be relied upon to reveal all errors and weaknesses that may exist.
28. We are pleased to report that our work did not identify any system weaknesses.

Fraud and irregularity

29. Responsibility for preventing and detecting fraud and other irregularities lies with the trustees. We are not required to search specifically for such matters and our audit should not be relied upon to disclose them. However, we planned and conducted our audit so as to give a reasonable expectation of detecting any material misstatements in the financial statements resulting from improprieties or breach of regulations.
30. We are pleased to report that we did not identify any issues of concern in relation to fraud and irregularity.

Legality

31. We planned and performed our audit recognising that non-compliance with statute or

regulations may materially affect the financial statements.

32. We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

Going concern and subsequent events

33. We are required under International Standard on Auditing (UK & Ireland) 570, "Going Concern" to consider the appropriateness of the trustees' use of the going concern assumption in the preparation of the financial statements, and to consider whether there are material uncertainties about the Trust's ability to continue as a going concern which needs to be disclosed in the financial statements.
34. The term "subsequent events" is used to refer to events occurring between the year-end date of the financial statements and the date of the auditor's report. International Standard on Auditing (UK & Ireland) 560, "Subsequent events" requires us to assess all such matters before signing our audit report.
35. In order to gain assurance on these matters our work has included (where applicable):
- reviewing bank facilities;
 - a review of budgets covering a period of 12 months from the expected signing of the audit report, together with post year end management accounts;
 - a review of minutes of post balance sheet Board meetings (where applicable);
 - enquiring of senior management and the Trust's solicitors concerning litigation, claims and assessments; and
 - performing sample testing of post balance sheet transactions.
36. We confirm that there are no issues affecting the Trust's ability to continue as a going concern. As highlighted in the financial statements, the current funding agreement with East Ayrshire Council covers up to 31 March 2017. In the Board's opinion, the Trust will be able to continue for the foreseeable future.
37. No subsequent events were identified requiring amendment to or disclosure in the financial statements.

Other matters identified during our audit

38. We have no other matters to report.

Qualitative aspects of accounting practices and financial reporting

39. During the course of our audit, we consider the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. The following observations have been made:

Qualitative aspect considered	Audit conclusion
The appropriateness of the accounting policies used.	We have reviewed the significant accounting policies, which are disclosed in the financial statements, and consider these to be appropriate to the Trust.
The timing of the transactions and the period in which they are recorded.	We did not identify any significant transactions where we had concerns over the timing or the period in which they were recognised.
The appropriateness of the accounting estimates and judgements used.	We are satisfied with the appropriateness of accounting estimates and judgements used in the preparation of the financial statements. The valuation of the defined benefit pension liability is provided by the Trust's actuary, Hymans Robertson.
The potential effect on the financial statements of any uncertainties, including significant risks and disclosures such as pending litigation that are required to be disclosed in the financial statements.	We did not identify any uncertainties, including any significant risk or required disclosures that should be included in the financial statements.
The extent to which the financial statements have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed in the financial statements.	From our testing performed, we identified no unusual transactions in the period.
Apparent misstatements in the trustees' report or material inconsistencies with the financial statements.	There are no misstatement or material inconsistencies between the trustees' report and the financial statements.
Any significant financial statement disclosures to bring to your attention.	There is no significant financial statement disclosures that we consider should be brought to your attention. All disclosures made are required by relevant legislation.
Disagreement over any accounting treatment or financial statement disclosure.	There was no disagreement during the course of the audit over any accounting treatment or disclosure.
Difficulties encountered in the audit.	There were no difficulties encountered in the audit.

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Appendices

Appendix 1: Respective responsibilities of the Board and the Auditor

Responsibilities of the Board

Under legislation relating to charities in Scotland, the trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of the charity's affairs and of its incoming resources and application of resources, including its surplus or deficit for that year, and which have been properly prepared from and are in agreement with the accounting records of the Trust and comply with relevant disclosure requirements.

In preparing those 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 judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the Trust's financial position and enable them to ensure that the financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). The trustees also have general responsibility for taking such steps as are reasonably open to them to safeguard the Trust's assets and to prevent and detect fraud and other irregularities.

Responsibilities of the auditor

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

The audit includes the consideration of internal controls relevant to the preparation of the financial statements but we do not express an opinion on the effectiveness of internal control. We are also required to communicate any significant matters arising from the audit of the financial statements that are relevant to those charged with governance in overseeing the financial reporting process.

The matters being reported are limited to those deficiencies in control that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance.

International Standards on Auditing (UK and Ireland) do not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.

Confirmation of independence

International Standard on Auditing (UK and Ireland) 260, "*Communication with those charged with governance*" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

In addition to the audit of the financial statements, Scott-Moncrieff has provided tax and VAT services to the Trust during the year. All tax services are provided by independent partners and staff who have no involvement in the audit of the financial statements.

We can confirm that we have complied with the APB's Ethical Standard 1 – "Integrity, Objectivity and Independence". In our professional judgement the audit process is independent and our objectivity is not compromised.

An employee of Scott-Moncrieff, Elizabeth Young, is vice chair of the Board and is serving on the Performance & Audit Sub Committee. In accordance with the APB's Ethical Standard 2 – Financial, Business, Employment and Personal Relationships, in our professional judgement the audit process is independent and our objectivity is not compromised, assuming the following safeguards are in place:

- She does not accept any invitation to chair the Performance & Audit Sub Committee
- She is absent from any committee meetings at which the performance or remuneration of the auditor is discussed; and
- She takes no part in any meetings with us and the directors to discuss the planning or results of the audit.

We confirm that we have implemented internal safeguards to ensure Elizabeth has no involvement in our audit work and that no members of staff working on the audit discuss any aspects of the audit with them.

Appendix 2: Audit adjustments

We identified the following adjustments during the audit. We have discussed these adjustments with management have agreed that they should be incorporated into the financial statements.

	Balance Sheet		Statement of Financial Activities		Recognised gains and losses per SOFA	
	Dr	Cr	Dr	Cr	Dr	Cr
	£	£	£	£	£	£
1 Charitable Expenditure			(357,000)			
Other (net interest on defined benefit pension scheme)			(94,000)			
Actuarial gains						2,333,000
Pension liability	1,882,000					
<i>Being incorporation of actuarial information into the financial statements.</i>						
2 Incoming resources			(5,211)			
Creditors		5,211				
<i>Being adjustment to remove deferred income in 2015/16 and adjust for 2014/15 deferred income.</i>						
<i>Net impact on income/(expenditure) in year</i>			(456,211)			
<i>Net income per the Trust's management accounts</i>			210,435			
<i>Revised net (expenditure) per audited financial statements</i>			(245,776)			

Appendix 3: Review of financial performance

The table below summarises the financial performance of the Trust for the year ended 31 March 2016:

	2016 £	2015 £	Commentary												
Total income	7,962,764	8,484,658	<p>The management fee received from the Council in 2015/2016 was lower than the prior year (£6,001,620 in 2015/16 in comparison to £6,109,380 in 2014/15). In addition, in the prior year, East Ayrshire Leisure received an additional contribution from East Ayrshire Council (£258,000).</p> <p>In the prior year, East Ayrshire Leisure received donated assets from sportscotland (£17,440) following the 2014 Commonwealth Games and contributions from a number of sources which was used to purchase the Eglington Statue (£34,920). No such donations were received in 2015/16.</p>												
Total expenditure	8,208,540	8,230,631	<p>The main increase is in employee costs, in particular pension costs:</p> <table border="1"> <thead> <tr> <th></th> <th>2016 £</th> <th>2015 £</th> </tr> </thead> <tbody> <tr> <td>Superannuation</td> <td>600,334</td> <td>589,984</td> </tr> <tr> <td>Adjustment for actuarial information</td> <td>357,000</td> <td>262,000</td> </tr> <tr> <td>Pension costs</td> <td>957,334</td> <td>851,984</td> </tr> </tbody> </table> <p>The increase in employee costs in offset by a decrease in expenditure across property, supplies and services and transport.</p>		2016 £	2015 £	Superannuation	600,334	589,984	Adjustment for actuarial information	357,000	262,000	Pension costs	957,334	851,984
	2016 £	2015 £													
Superannuation	600,334	589,984													
Adjustment for actuarial information	357,000	262,000													
Pension costs	957,334	851,984													
Net income/ (expenditure)	(245,776)	254,027													

	2016 £	2015 £	Commentary
Funds:			
Unrestricted	825,844	714,560	The Board has approved an unrestricted reserve of £400,000 to be set aside to provide some protection and mitigate against future economic conditions. This target has been achieved. Proposals to utilise funds in excess of the agreed appropriate level have been approved by the Board.
Designated	99,150	-	
Pension reserve	(800,000)	(2,682,000)	<p>At 31 March 2015, East Ayrshire Leisure showed a net liability of £2,682k. By 31 March 2016 this had decreased to a net pension liability of £800k. The fair value of employer assets has improved (increase of £889k) and the present value of the scheme liabilities has decreased (£993k).</p> <p>The discount rate applied increased to 3.6% from 3.3% in the previous year. This has a positive effect on the scheme liabilities – resulting in a decrease in the liabilities.</p> <p>As sponsoring authority, East Ayrshire Council has guaranteed to accept liability for any unfunded costs which may arise with regard to the Trust relating to their membership in the local government pension scheme, should they cease to exist.</p>
Restricted funds	73,199	78,409	
Total funds	198,193	(1,889,031)	

Appendix 4: Accounting systems and internal control

During the course of our audit of the financial statements, we examined the principal internal controls which the trustees have established to enable them to ensure, as far as possible, the accuracy and reliability of the Trust's accounting records and to safeguard its assets.

It should be noted that our audit was planned and performed in order to allow us to provide an opinion on the financial statements and it should not be relied upon to reveal all errors and weaknesses that may exist.

Action plan – audit recommendations

We did not identify any significant weaknesses during our 2015/16 audit. We have detailed below progress on those actions which we identified in the prior year.

Grade	Definition	Number of audit observations	
		Current year	Prior year
5	Very high risk exposure – Major concerns requiring immediate attention	-	-
4	High risk exposure – Absence/failure of significant key controls	-	1
3	Moderate risk exposure – Not all key control procedures are working effectively	-	1
2	Limited risk exposure – Minor control procedures are not in place/not working effectively	-	2
1	Efficiency/housekeeping point	-	-

Follow up on prior year action plan

	Issue & Recommendation	Management Comments	2016 update
<p>Governance – Performance & Audit Sub-Committee</p>	<p>During our review of minutes we noted two instances where the Chair of the Performance & Audit Sub-Committee was not available to chair the meeting, either for the entire meeting (12 May 2014) or part of the meeting (2 February 2015). In the absence of the Chair it was decided that the Chief Executive should Chair the meeting. However, this is not in line with best practice and corporate governance guidance. The Performance & Audit Sub-Committee should be fully independent as it is responsible for providing a scrutiny, monitoring and oversight role.</p> <p>There is a risk that the Performance & Audit Sub-Committee is not perceived to be fully independent of management.</p> <p>The Trust should ensure that meetings of the performance & audit sub-committee are only chaired by trustees.</p>	<p>Chief Executive and Senior Management Team have been informed that they should not Chair any future Performance & Audit Sub Committee or Board Meetings.</p> <p>Responsible officer: Jackie Biggart</p> <p>Completion date: 27 August 2015</p>	<p>Complete</p> <p>During our 2015/16 audit we have not identified any instances where the Committee was chaired by the Chief Executive or any of the senior management team.</p>
<p>Rating</p>			
<p>Grade 4</p>			

	Issue & Recommendation	Management Comments	2016 update
Balance sheet reconciliations	<p>In the previous year the Council was still responsible for undertaking balance sheet reconciliations, including bank reconciliations, on behalf of the Trust. The Trust took the decision to bring bank reconciliations in-house during 2014/15. However, the Council still perform the remaining monthly balance sheet reconciliations on behalf of the Trust. We noted during our testing of these that they are not reviewed and approved each month.</p> <p>There is a risk that the Trust does not have adequate assurance over its ledger and the associated balances. If balance sheet reconciliations are not reviewed and approved each month there is a risk that issues are not identified and addressed in a timely manner.</p> <p>We support the Trust's move in taking these key financial processes in-house and recommend the Trust looks to bring the remaining balance sheet reconciliations in-house during 2015/16.</p>	<p>Central Support Manager will liaise with East Ayrshire Council with regards to the transfer of tasks to the Trust.</p> <p>Responsible officer: Jackie Biggart</p> <p>Completion date: March 2016</p>	<p>Partially complete</p> <p>As part of our audit testing we reviewed balance sheet reconciliations to confirm authorisation. From period 9 bank reconciliations were reviewed and authorised, however we noted that this procedure was not fully implemented for all balance sheet reconciliations. The Trust should ensure this process is applied to all reconciliations.</p> <p>Management Comments</p> <p>Process will be finalised by December 2016</p> <p>Responsible officer: Jackie Biggart</p> <p>Completion date: December 2016</p>
Rating			
Grade 2			

	Issue & Recommendation	Management Comments	2016 update
Physical security	<p>A code is required to access the Trust's main offices. However, there is an office within the porch area which houses IT equipment, such as laptops, computers, monitors and printers. A code is not required to access the porch area as the main door is unlocked during working hours. We noted several instances where the office within the porch area was left unattended.</p> <p>There is a risk that IT equipment is stolen due to a lack of physical security within the porch area.</p> <p>The Trust should increase the physical security within the porch area. This could be achieved through locking the office in the porch area when it is not occupied or locking the front door during working hours.</p>	<p>Security arrangements have been put in place to increase security.</p> <p>Responsible officer: Jackie Biggart</p> <p>Completion date: 27 August 2015</p>	<p>Complete</p> <p>We have confirmed during our audit that a security key pad has been put in place.</p>
Rating			
Grade 2			

	Issue & Recommendation	Management Comments	2016 update
Finance system roles and responsibilities Rating Grade 3	<p>The Council still has access to post journals to the Trust's ledger, and still posts the majority of the journals on behalf of the Trust. Approximately 60 staff have varying levels of access to the Trust's finance system.</p> <p>There is a risk that inappropriate or incorrect amendments are made to the Trust's ledger.</p> <p>We recommend responsibility for posting journals and other amendments is taken in-house so that only employees of the Trust can post journals and amendments.</p>	<p>The authorisation of journals is restricted to 3 East Ayrshire Leisure employees. On authorisation the journals are submitted electronically via a mailbox whereby a nominated individual within the Council will upload the information to the ledger. We will investigate the possibility of these tasks being taken in house.</p> <p>Of the 60 employees, 32 are Council employees and these can be broken down as follows:-</p> <ul style="list-style-type: none"> • 4 EAC – Senior Management – these individuals have full access as they have the knowledge, experience and specialised skills to ensure all systems are operated to the Trusts advantage. • 13 EAC – Creditors – these staff have creditor's permissions and this is required to ensure creditor payments are processed through the system. • 6 EAC – Internal Audit – read only access • 9 EAC – Finance Service – read only access <p>The remaining 28 employees are East Ayrshire Leisure employees and I can confirm that 3 employees have full access whilst the remainder have read only access.</p> <p>We would envisage that the number of Council employees who have enquiry status will reduce through time.</p> <p>Responsible officer: Jackie Biggart Completion date: On-going</p>	<p>Partially complete</p> <p>The number of users is currently 59. Of these, 30 are EALT staff. The remaining 29 members of staff are EAC staff who require access for different purposes, such as creditors.</p> <p>Management Comments</p> <p>Staff access is monitored and reviewed on a regular basis.</p> <p>Responsible officer: Jackie Biggart</p> <p>Completion date: On-going</p>

Appendix 5: Management representation letter

LETTER OF REPRESENTATION: East Ayrshire Leisure

Dear Sirs

East Ayrshire Leisure

This representation letter is provided in connection with your audit of the financial statements of East Ayrshire Leisure for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the charity for the year ended 31 March 2016, the following:-

Financial statements and accounting records

1. We have fulfilled our responsibilities under the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the Trust;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
5. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
6. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
7. We confirm that there were no restrictions over the donations received and applied to the purchase of the Eglinton Statue.
8. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

9. We confirm the financial statements are free of material misstatements, including omissions.

Fraud

10. We acknowledge as trustees our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.

11. In our opinion, the risks that the financial statements may be materially misstated as a result of fraud are low for the following reasons:

- Measures have been put in place by management to reduce the risk of fraud and the improper use, or misappropriation of assets.
- The board undertakes a formal risk review once a year, covering a wide range of risks associated with governance, operations, finance and compliance. The risk of fraud and misuse of assets is specifically included in that review.

12. We have disclosed to you all information in relation to fraud or suspected fraud of which we are aware and that affects the entity and involves:

- management
- employees who have significant roles in internal control
- others where the fraud could have a material effect on the financial statements.

13. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.

Compliance with laws and regulation, and contractual agreements

14. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

15. The Trust has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

Accounting estimates

16. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.

Related parties

17. We have disclosed to you the identity of the charity's related parties and all related party relationships and transactions of which we are aware.

18. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.

19. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the Trust at any time during the year.

Assets and liabilities

20. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements and options to buy back assets previously sold;
- assets pledged as collateral.

- 21. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice.
- 22. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 23. We have no plans to abandon activities or other plans or intentions that will result in any excess or obsolete stocks, and no stock is stated at an amount in excess of net realisable value.
- 24. The Trust has satisfactory title to all assets and there are no liens or encumbrances on the charity's assets, other than as disclosed in the financial statements.
- 25. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.

Subsequent events

- 26. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....

Signed on behalf of the board

On..... (date)

The above trustee is signing this letter on behalf of all trustees confirming that:

- a) so far as each trustee is aware, there is no relevant audit information of which the Trust is unaware; and
- b) each trustee has taken all the steps that ought to have been taken as a trustee, including making appropriate enquiries of fellow trustee and of the Trust for that purpose, in order to be aware of any information needed by the Trust's auditor in connection with preparing their report and to establish that the Trust's auditor is aware of that information.



Scott-Moncrieff
business advisers and accountants