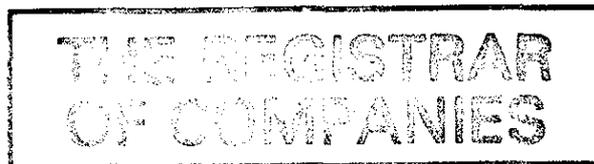


Scottish

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST
FINANCIAL STATEMENTS
FOR
31 MARCH 2003



Company Registration Number SC184375
Charity Number SC027672



ARMSTRONG WATSON
Chartered Accountants & Registered Auditors
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

| | |
|------------------------------|---|
| Operational name | Annandale & Eskdale Leisure Trust |
| The board of trustees | Mr J E Turpie Mr J R Birkett Mrs P K Kershaw Mrs M B McCrae Dr R A Palmer Mr D R Male Mrs L Vaughan Mr T G A Russell Mr J E Moore Mr A M Blake Mr J Peel Mr L F Tosh |
| Company secretary | Mr D Park |
| Registered office | Council Offices 16 High Street Annan DG12 6AQ |
| Auditors | Armstrong Watson Chartered Accountants & Registered Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP |
| Bankers | Bank of Scotland 111 High Street Annan Dumfriesshire DG12 6ED |

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 MARCH 2003

The directors, who are also Directors for the purposes of the Companies Act, present their report and the financial statements of the charitable company for the year ended 31 March 2003.

LEGAL STATUS

The company was incorporated on 25th March 1998 as a company limited by guarantee with a company registration number 184375. The company was recognised as a charity on 3rd April 1998 with a charity number SC027672 and commenced its operations on 15th September 1998. The company is governed by its Memorandum and Articles of Association.

OBJECTIVES

The company aims to promote and develop sport and leisure whenever and wherever possible. The company also recognises the social benefits of sport and leisure by encouraging wider participation and by assisting those in pursuit of excellence.

The principal activity of the company during the period was the provision and development of sport and leisure facilities in Annandale and Eskdale.

BUSINESS REVIEW

The leisure and sport industry is projected to grow. This expected growth is due to increased leisure time, disposable income levels and the benefits of a healthy life style. The Annandale and Eskdale Sports and Leisure Trust aims to keep ahead of its external environment.

DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS

Even though the Leisure Trust has enjoyed another successful year it is the future to which we must now look.

The first five-year management and funding agreement with the Dumfries and Galloway Council is now virtually at an end and will expire in September of 2003. These five years have been a very successful period but the Leisure Trust now needs to look ahead and to plan for the future.

To this end we are currently working on a new Service Level Agreement with the Dumfries and Galloway Council, which will replace the existing agreement and take the company through the next five years in partnership with the Council. The last agreement was anything but foolproof or watertight and its interpretation was the subject of considerable discussion and even arguments, but it is a credit to the strength of the partnership that those differences were resolved amicably and with a sensible and mutually workable solution.

The new Agreement recognises and clarifies some of the points, which have caused disputes. One of the main differences is that it is now recognised that we are working with the Council but are not under its supervision or management.

At the end of our first four years of operation we lost the services of Hugh Young and Chris Hastings, both of whom contributed substantially to the work of the Trust. However, the number of Directors has actually increased with the co-option of John Harrison, Drew Blake, John Moore, John Peel and Lindsay Tosh. Each of them has added their own skills and experience to our discussions.

In my last report I reckoned that we had become a more professional organisation, which could be relied on to carry out its duties in the best possible way. Since then, other improvements have been made to our organisation and structure. Consequently our credibility rating has continued to rise and I believe that Annandale & Eskdale Sports and Leisure Trust could be used as a successful model for other areas.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

REVIEW OF RISKS

The directors commissioned Armstrong Watson to prepare a risk management report to formalise the risk management process and to assess business risks and risk management strategies. This report involved identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying the means of mitigating the risks. As part of this ongoing process the directors will continue to review the adequacy of the charity's current internal controls.

RESERVES POLICY

The directors have reviewed the reserves of the charity. The review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The review concluded that, to allow the charity to be managed efficiently and to provide a buffer for uninterrupted services, reserves should be maintained at their current level as a minimum.

PRINCIPAL OFFICERS

Chairman Mr J E Turpie
Vice Chairman Mrs M B McCrae

THE DIRECTORS

The directors who served the charitable company during the period were as follows:

Mr J E Turpie
Mr J R Birkett
Mrs P K Kershaw
Mrs M B McCrae
Dr R A Palmer
Mr D R Male
Mrs L Vaughan
Mr T G A Russell
Mr J E Moore (Appointed 12 February 2003)
Mr A M Blake (Appointed 12 February 2003)
Mr J Peel (Appointed 12 February 2003)
Mr L F Tosh (Appointed 12 February 2003)
Mr H A T Young (Retired 11 December 2002)
Mrs C Hastings (Retired 11 December 2002)

Mr J Harrison also served from 12 February 2003 until 26 June 2003.

APPOINTMENT OF DIRECTORS

The directors are appointed by the members of the company.

It is recognised that as a fundamental tenet of community involvement the company should be representative of as widespread interests as possible. It is intended that if possible the directors appointed shall be from the following:

- a) Eight persons resident or working in the major centres of population of Annan, Gretna, Langholm, Lockerbie, Lochmaben and Moffat and two from any of the electoral ward areas of Beattock, Milk, Kirtle and Buccleuch.
- b) Two shall be members of Dumfries and Galloway Council.
- c) There shall be no more than seven and not less than four who shall be members of the Sports Trust.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

SUB-COMMITTEE MEMBERS

The following directors were also members of the following committees:

| | |
|-----------------------------|---|
| Finance committee | - Mr L F Tosh, Mr J Peel |
| Special events committee | - Mr J R Birkett, Mrs P K Kershaw, Mr A M Blake, Mr J E Moore |
| Health and safety committee | - Dr R A Palmer, Mr T G A Russell |
| Human Resources committee | - Mr J Harrison, Mr J Peel, Mr A M Blake |
| Grants committee | - Mr J E Turpie, Mrs M B McCrae |

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company at the end of the year and of the incoming and outgoing resources for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently, making judgements and estimates that are reasonable and prudent. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Armstrong Watson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Council Offices
16 High Street
Annan
DG12 6AQ

Signed by order of the directors



MR D PARK
Company Secretary

Approved by the directors on15/9/03.....

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31 MARCH 2003

We have audited the financial statements which comprise the Statement of Financial Activities, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that *the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error*. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS *(continued)*

YEAR ENDED 31 MARCH 2003

OPINION

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 March 2003 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

3/10/03



ARMSTRONG WATSON
Chartered Accountants
& Registered Auditors

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2003

| | Note | 2003 £ | 2002 £ |
|---|------|----------------|----------------|
| INCOMING RESOURCES | | | |
| Donations | 3 | 69,955 | 20,722 |
| Grants receivable | 4 | 396,349 | 418,303 |
| Activities in furtherance of the charity's objects | 5 | 378,162 | 346,204 |
| Interest receivable | 6 | 7,161 | 5,595 |
| TOTAL INCOMING RESOURCES | | <u>851,627</u> | <u>790,824</u> |
| RESOURCES EXPENDED | | | |
| Direct charitable expenditure | 7 | 567,303 | 511,789 |
| Management and administration | 8 | 295,985 | 252,064 |
| TOTAL RESOURCES EXPENDED | 10 | <u>863,288</u> | <u>763,853</u> |
| NET OUTGOING/INCOMING RESOURCES FOR THE YEAR | | (11,661) | 26,971 |
| Balances brought forward at 1 April 2002 | | <u>235,824</u> | <u>208,853</u> |
| Balances carried forward at 31 March 2003 | | <u>224,163</u> | <u>235,824</u> |

The charitable company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the charitable company are classed as continuing.

The statement of financial activities is given in note 2.

The notes on pages 9 to 16 form part of these financial statements.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

BALANCE SHEET

31 MARCH 2003

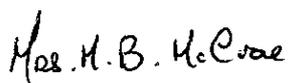
| | Note | 2003 £ | 2002 £ |
|---|------|-----------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 12 | 191,297 | 49,878 |
| CURRENT ASSETS | | | |
| Debtors | 13 | 46,277 | 22,540 |
| Cash at bank and in hand | | <u>55,632</u> | <u>285,422</u> |
| | | 101,909 | 307,962 |
| CREDITORS: Amounts falling due within one year | 14 | <u>(69,043)</u> | <u>(122,016)</u> |
| NET CURRENT ASSETS | | 32,866 | 185,946 |
| NET ASSETS | | <u>224,163</u> | <u>235,824</u> |
| FUNDS | | | |
| Restricted | 15 | 138,397 | 101,850 |
| Unrestricted | 16 | <u>85,766</u> | <u>133,974</u> |
| TOTAL FUNDS | | <u>224,163</u> | <u>235,824</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the members of the committee on the 15/9/03 and are signed on their behalf by:



MR J E TURPIE



MRS M B McCRAE

The notes on pages 9 to 16 form part of these financial statements.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) and the Companies Act 1985.

The charity has availed itself of Paragraph 3 (3) of schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities.

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the charitable company is small.

Income

All incoming resources in the form of cash have been included in income.

Grant income, income from trading activities, investment income and other income are credited to the income and expenditure account on an accruals basis, gross of income tax where applicable. Donated assets are included at a valuation by the directors.

Expenditure

Expenditure has been charged to the income and expenditure account on an accruals basis. Fundraising, publicity and administration costs are allocated to the unrestricted fund.

Fund accounting

The unrestricted funds consist of funds that the charity may use for its purposes at its discretion. The restricted funds represent funds that are to be used in accordance with specific restrictions imposed by the donors. Further explanations of the nature and purpose of each fund is included in the notes to the financial statements.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | | |
|---------------------------------|---|----------------------------|
| Equipment | - | 25% reducing balance |
| Leasehold property improvements | - | over the term of the lease |

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Stocks

The Trust holds small amounts of vending and stationery stock as at the balance sheet date. This is not accounted for in the financial statements due to its size and nature.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The charitable company has undertaken to make contributions to the Local Government Pension Scheme on behalf of its employees. The assets of the scheme are held separately from those of the charitable company. The contributions to the scheme are charged to the statement of financial activities so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme. The pension charge is calculated on the basis of actuarial advice.

2. STATEMENT OF FINANCIAL ACTIVITIES

| | | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2003 £ | Total Funds 2002 £ |
|--|----|----------------------------|--------------------------|--------------------------|--------------------------|
| INCOMING RESOURCES | | | | | |
| Donations | 3 | 16,242 | 53,713 | 69,955 | 20,722 |
| Activities in furtherance of the charity's objects: | | | | | |
| Grants receivable | 4 | 396,349 | - | 396,349 | 418,303 |
| Income from charitable trading activities | 5 | 378,162 | - | 378,162 | 346,204 |
| Interest receivable | 6 | 7,161 | - | 7,161 | 5,595 |
| TOTAL INCOMING RESOURCES | | <u>797,914</u> | <u>53,713</u> | <u>851,627</u> | <u>790,824</u> |
| RESOURCES EXPENDED | | | | | |
| Costs in furtherance of charitable objectives: | | | | | |
| Provision of leisure facilities | 7 | 550,137 | 17,166 | 567,303 | 511,789 |
| Management and administration | 8 | 295,985 | - | 295,985 | 252,064 |
| TOTAL RESOURCES EXPENDED | 10 | <u>846,122</u> | <u>17,166</u> | <u>863,288</u> | <u>763,853</u> |
| NET (OUTGOING)/ INCOMING RESOURCES FOR THE YEAR | | (48,208) | 36,547 | (11,661) | 26,971 |
| Balances brought forward | | 133,974 | 101,850 | 235,824 | 208,853 |
| Balances carried forward | | <u>85,766</u> | <u>138,397</u> | <u>224,163</u> | <u>235,824</u> |

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

3. DONATIONS

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2003 £ | Total Funds 2002 £ |
|---|----------------------------|--------------------------|--------------------------|--------------------------|
| Donations, sponsorship and other income | <u>16,242</u> | <u>53,713</u> | <u>69,955</u> | <u>20,722</u> |

4. GRANTS RECEIVABLE

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2003 £ | Total Funds 2002 £ |
|-----------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Council funding | <u>396,349</u> | <u>-</u> | <u>396,349</u> | <u>418,303</u> |

5. INCOME FROM CHARITABLE TRADING ACTIVITIES

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2003 £ | Total Funds 2002 £ |
|----------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Fees and admission charges | <u>378,162</u> | <u>-</u> | <u>378,162</u> | <u>346,204</u> |

6. INTEREST RECEIVABLE

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2003 £ | Total Funds 2002 £ |
|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Bank interest receivable | <u>7,161</u> | <u>-</u> | <u>7,161</u> | <u>5,595</u> |

7. PROVISION OF LEISURE FACILITIES

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2003 £ | Total Funds 2002 £ |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| Provision of charitable services: | | | | |
| Grants paid | - | 8,168 | 8,168 | 4,326 |
| Wages and salaries | 367,841 | - | 367,841 | 335,047 |
| Light, heat, rates and water | 59,768 | - | 59,768 | 56,639 |
| Repairs and maintenance | 44,293 | - | 44,293 | 48,049 |
| Other direct costs | 64,288 | - | 64,288 | 55,804 |
| Depreciation of fixed assets | 13,947 | 8,998 | 22,945 | 11,924 |
| Direct charitable expenditure | <u>550,137</u> | <u>17,166</u> | <u>567,303</u> | <u>511,789</u> |

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

7. PROVISION OF LEISURE FACILITIES *(continued)*

Analysis of provision of charitable services:

| | Staff costs £ | Grants paid £ | Depreciation & other costs £ | Total 2003 £ | Total 2002 £ |
|-------------------------------|------------------|------------------|------------------------------------|-----------------|-----------------|
| Direct charitable expenditure | <u>367,841</u> | <u>8,168</u> | <u>191,294</u> | <u>567,303</u> | <u>511,789</u> |

8. MANAGEMENT AND ADMINISTRATION

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2003 £ | Total Funds 2002 £ |
|------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Salaries | 153,085 | - | 153,085 | 141,551 |
| Office costs | 111,303 | - | 111,303 | 91,160 |
| Audit fees | 5,060 | - | 5,060 | 4,000 |
| Financial advice | 6,890 | - | 6,890 | 6,517 |
| Legal and professional | 1,992 | - | 1,992 | 1,309 |
| Irrecoverable VAT | 13,411 | - | 13,411 | 2,817 |
| Depreciation of fixed assets | 4,244 | - | 4,244 | 4,710 |
| | <u>295,985</u> | <u>-</u> | <u>295,985</u> | <u>252,064</u> |

9. TAXATION

The Company is recognised by the Inland Revenue as a charity and therefore has no liability to corporation tax.

10. TOTAL RESOURCES EXPENDED

| | Staff costs £ | Depreciation £ | Grants and other costs £ | Total Funds 2003 £ | Total Funds 2002 £ |
|-------------------------------|------------------|-------------------|--------------------------------|--------------------------|--------------------------|
| Direct charitable expenditure | 367,841 | 22,945 | 176,517 | 567,303 | 511,789 |
| Management and administration | <u>153,085</u> | <u>4,244</u> | <u>138,656</u> | <u>295,985</u> | <u>252,064</u> |
| | <u>520,926</u> | <u>27,189</u> | <u>315,173</u> | <u>863,288</u> | <u>763,853</u> |

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

11. STAFF COSTS

The aggregate payroll costs were:

| | 2003 | 2002 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 457,849 | 419,588 |
| Social security costs | 23,771 | 24,042 |
| Other pension costs | 39,306 | 32,968 |
| | <u>520,926</u> | <u>476,598</u> |

No director received any remuneration during the year.

During the year 3 (2002: 5) directors received reimbursement for travel expenditure, these reimbursements totalled £1,465 (2002: £725).

Particulars of employees:

The average number of staff employed by the charitable company during the financial year amounted to:

| | 2003 | 2002 |
|--|-----------|-----------|
| | No | No |
| Number of management and administrative staff | 6 | 7 |
| Number of staff involved in direct charitable activities | 48 | 45 |
| | <u>54</u> | <u>52</u> |

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

12. TANGIBLE FIXED ASSETS

| | Leasehold Property Improvements £ | Plant and Machinery Etc. £ | Total £ |
|-------------------------|--|-------------------------------------|----------------|
| COST | | | |
| At 1 April 2002 | - | 89,771 | 89,771 |
| Additions | 146,340 | 22,268 | 168,608 |
| At 31 March 2003 | <u>146,340</u> | <u>112,039</u> | <u>258,379</u> |
| DEPRECIATION | | | |
| At 1 April 2002 | - | 39,893 | 39,893 |
| Charge for the year | 9,146 | 18,043 | 27,189 |
| At 31 March 2003 | <u>9,146</u> | <u>57,936</u> | <u>67,082</u> |
| NET BOOK VALUE | | | |
| At 31 March 2003 | <u>137,194</u> | <u>54,103</u> | <u>191,297</u> |
| At 31 March 2002 | <u>-</u> | <u>49,878</u> | <u>49,878</u> |

Capital commitments

| | 2003 £ | 2002 £ |
|---|----------------|-----------|
| Contracted but not provided for in the financial statements | <u>143,830</u> | <u>-</u> |

At the year-end the Trust had made a commitment to purchase gym equipment for Newington Sports Centre amounting to £55,260. The Trust were also committed to the completion of the Newington Sports Centre refurbishment amounting to £88,570.

13. DEBTORS

| | 2003 £ | 2002 £ |
|---------------|---------------|---------------|
| Other debtors | 40,077 | 17,847 |
| Prepayments | 6,200 | 4,693 |
| | <u>46,277</u> | <u>22,540</u> |

14. CREDITORS: Amounts falling due within one year

| | 2003 £ | 2002 £ |
|-----------------|---------------|----------------|
| VAT | - | 12,781 |
| Other creditors | 63,093 | 105,235 |
| Accruals | 5,950 | 4,000 |
| | <u>69,043</u> | <u>122,016</u> |

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

15. RESTRICTED FUNDS

| | Balance at 1 Apr 2002 £ | Movement in resources: | | Balance at 31 Mar 2003 £ |
|---|-------------------------------|------------------------|-----------------|--------------------------------|
| | | Incoming £ | Outgoing £ | |
| Sporting Organisations Support | 1,850 | 7,200 | (8,168) | 882 |
| Newington Sports & Leisure Centre Development | 100,000 | 36,513 | (8,998) | 127,515 |
| Seaforth Development | — | 10,000 | — | 10,000 |
| | <u>101,850</u> | <u>53,713</u> | <u>(17,166)</u> | <u>138,397</u> |

The Sporting Organisations Support is a fund available to provide small grants to local sporting organisations.

The Newington Sport & Leisure Centre development fund was a new fund established in 2002 to develop the sports and leisure centre at Newington. The majority of the funding to be provided by SportsScotland. As part of the terms of this agreement the Annandale & Eskdale Sports & Leisure Trust must fund 25% of the costs out of their own resources. As a result an amount of £60,000 was transferred between funds in 2002 for this purpose. The remaining £40,000 of the development cost brought forward had been provided by Dumfries & Galloway Council.

The Trust are currently in the process of applying for funding to refurbish the tennis courts at Seaforth Park. The above receipt represents initial funding received from Dumfries & Galloway Council.

16. ANALYSIS OF NET ASSETS (between restricted and unrestricted funds)

| | Tangible fixed assets £ | Other net assets £ | Total £ |
|---|-------------------------------|-----------------------|----------------|
| Sporting Organisations Support | - | 882 | 882 |
| Newington Sports & Leisure Centre Development | 134,972 | (7,457) | 127,515 |
| Seaforth Development | - | 10,000 | 10,000 |
| | <u>134,972</u> | <u>3,425</u> | <u>138,397</u> |
| Unrestricted funds | 56,325 | 29,441 | 85,766 |
| | <u>191,297</u> | <u>32,866</u> | <u>224,163</u> |

17. RELATED PARTY TRANSACTIONS

The company was under the control of the directors throughout the current period.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

18. COMPANY LIMITED BY GUARANTEE

The Company is limited by guarantee with every member of the Company undertaking to contribute such amounts as may be required (not exceeding £15) to the Company's assets if it should be wound up while they are a member or within one year after ceasing to be a member.

19. PENSION COMMITMENTS

The company contributes to the Dumfries & Galloway Council Pension Fund (a Local Government Pension Scheme) on behalf of its employees to provide benefits based on final pensionable pay. Contributions are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis on triennial valuations using the projected unit method. The most recent valuation was at 31 March 2002.

The pension cost charge for the period was £39,306 (2002: £32,968).

On the basis of the calculations of Hymans Robertson, Consultants and Actuaries, the value of the asset share in respect of Annandale & Eskdale Sports & Leisure Trust was £312,000 (2002: £208,000). They also estimated that the present value of the Scheme liabilities in respect of the Trust was £470,000 (2002: £175,000), resulting in a net pension liability of £158,000 (2002: asset of £33,000).

The financial assumptions used by the actuary were:

| | 31 Mar 2003 % per annum | 31 Mar 2002 % per annum |
|-------------------|----------------------------|----------------------------|
| Price increases | 2.5% | 2.8% |
| Salary increases | 4.0% | 4.3% |
| Pension increases | 2.5% | 2.8% |
| Discount rates | 5.4% | 5.9% |

The assets of the whole Dumfries & Galloway Council Pension Fund as at 31 March 2003, estimated by Dumfries & Galloway Council where necessary, and their expected rate of return were as follows:

| | Fund Value at 31 Mar 2003 £'000's | Long Term Return % Per Annum | Fund Value at 31 Mar 2002 £'000's | Long Term Return % Per Annum |
|----------|---|------------------------------------|---|------------------------------------|
| Equities | 139,800 | 8.0% | 219,390 | 7.5% |
| Bonds | 72,600 | 4.8% | 62,975 | 5.5% |
| Property | 11,600 | 6.0% | 7,472 | 6.0% |
| Cash | 4,100 | 4.0% | 463 | 4.0% |
| | <u>228,100</u> | | <u>290,300</u> | |