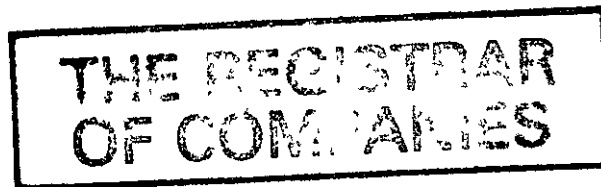


Annandale & Eskdale Sports & Leisure
Trust

FINANCIAL STATEMENTS

31ST MARCH 2006



Company Limited by Guarantee

Charity Number SC027672

Armstrong Watson
Chartered Accountants & Registered Auditors
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP



**ANNANDALE & ESKDALE SPORTS & LEISURE TRUST
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

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ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

REFERENCE AND ADMINISTRATIVE INFORMATION

The board of trustees	Mr J E Turpie Mr J R Birkett Mrs P K Kershaw Mrs M B McCrae Dr R A Palmer Mrs L Vaughan Mr J E Moore Mr A M Blake Mr J Peel Mr L F Tosh Mr I Lindsay	
Company secretary	Miss A Hutchison	
Senior management	Mr A Barlow Ms A Hutchison Mrs S Proudfoot	Managing Director Finance Officer Development Manager
Principal officers	Mr J E Turpie Mrs M B McCrae	Chairman Vice Chairman
Registered office and Operational address	Council Offices 16 High Street Annan DG12 6AQ	
Operational name	Annandale & Eskdale Leisure Trust	
Auditor	Armstrong Watson Chartered Accountants & Registered Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP	
Bankers	Bank of Scotland Plc 111 High Street Annan Dumfriesshire DG12 6ED	

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31ST MARCH 2006

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 31st March 2006

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

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.

Recruitment and 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

Trustee Induction and Training

All trustees are supplied with a copy of the company's Directors' Handbook which advises on the role and responsibilities of a trustee. All directors are also encouraged to attend relevant training on company financial matters.

Risk Management

The Directors have previously commissioned a Risk Management Report from Armstrong Watson, on the Leisure Trusts activities, which the charity reviews on an annual basis.

Like many Leisure Trusts of a similar nature, the overriding risk to the Leisure Trust has been and will remain the insecurity of contract management in the politically charged public sector environment. Due to the nature of the company, its future will remain inextricably linked to changes in government and local authority policy, which is not always governed by the business rationale.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

Organisational Structure

The company is managed by the Executive Board of Trustee Directors, who in turn delegate operational management of the company to the Managing Director

The operation of the company is divided into three sections

- Finance and Administration – This section is headed by the Administration Manager who is responsible for all administration and financial procedures of the company and who also doubles up as the Company Secretary
- Development This section is headed by the Development Manager who is responsible for a growing team of development staff including sports development, physical activity, disability sport, social and sporting partnership working and grant applications
- Facility Management – This section comprises of five indoor facilities, three small parks and two small football changing pavilions

Related Parties

The company has numerous positive working partnerships, the most important of which is the Dumfries and Galloway Council, whose leisure service contract we currently operate

In addition to this the company has working partnerships with many local sports clubs, agencies and organisations with whom we have strong and positive relationships in the provision of sporting services and opportunities

Since the Community Planning process was developed the number of local partnerships continues to grow locally, in the aim of working together, reducing duplication and pulling resources to develop and deliver new projects and initiatives. The Leisure Trust are currently involved in a number of groups, some of the major ones which the Trust is currently involved in include

- The A&E Local Rural Partnership (LRP) and its sub groups
 - Safe & Healthy Action Partnership (SHAP) and its sub groups
 - Wellbeing, Training & Development, Anti social behaviour and Road Safety groups
 - Inclusive Communities Forum
 - Enterprising & Learning Forum
 - Environment Group
- A&E Paths to Health Working Group – The Trust have been asked to be lead partner for this initiative
- A&E Local Health Partnership (LHP)
- D&G TOP Tots/Start Regional Working Group
- A&E GP Referral Steering Group & Regional GP Referral Group
- A&E PE Partnership & Active Schools
- Excel project Langholm
- D & G Local Athletics Partnership LAP

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

OBJECTIVES AND ACTIVITIES

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.

ACHIEVEMENTS AND PERFORMANCE

2005/2006 was once again a very good year for the Annandale & Eskdale Sports & Leisure Trust. Despite a minor political storm over a review of the Trust's operations, the company was operationally very successful in achieving great outcomes during times of adversity.

The first of five principles that inform Sport 21 2003/2007 – the national strategy for sport – is that

“Participating in sport can improve the quality of life of individuals and communities, promote social inclusion, improve health, counter anti-social behaviour, raise individual self-esteem and confidence and widen horizons” (Sportscotland, Sport 21, 2003/2007, p. 7)

Sport alone, however, will not solve all society's ills in Annandale & Eskdale, but this document illustrates how, in conjunction with our partners, the Annandale & Eskdale Sports & Leisure Trust has contributed and is continuing to contribute to society and community planning by delivering better sporting opportunities in Annandale & Eskdale.

It shows that, in partnership with a range of organisations and agencies, the Annandale & Eskdale Sports & Leisure Trust has assisted greatly to the achievements and objectives of the Dumfries and Galloway Council in the achievement of their policy objectives.

In order for the Annandale & Eskdale Sports & Leisure Trust to be a success, not just in each individual year but over a long period of time, the company has to deliver consistency, change and improvement. We firmly believe that we have over the past twelve months continued to deliver that consistency and improvement by further contributing to the targets of Sport 21 2003/2007.”

In particular, in the context of local community services we can demonstrate the great achievements made by the Annandale & Eskdale Sports & Leisure Trust in contributing to

- Improvements in people's physical and mental health and well-being,
- The promotion and enhancement of education and life-long learning,
- The promotion of active citizenship,
- Programmes aimed at combating crime and anti-social behaviour, and
- Economic development

In this context the Annandale & Eskdale Sports & Leisure Trust believes that it has made a significant contribution to the community and individuals across the area.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

In general, The Annandale & Eskdale Sports & Leisure Trust considers that it has

- Increased opportunities for sport
- Increased participation in sport
- Increased sports planning and development
- Increased awareness of sport and fitness
- Increased employment in the locality
- Increased investment in services and facilities
- Worked in partnership with other agencies
- Contributed significantly to the achievements of the Council's community planning targets

Below are some of our achievements on which we continue to build

Annandale and Eskdale – Disability Development

- Established the Annandale & Eskdale Disability Sport Group in March 2004 with the aim of improving and enhancing the provision of facilities and activities to enable people with a disability in Annandale & Eskdale to participate in sport and physical recreation to enhance their quality of life. The group has membership from a wide range of local partners who work with local disabled people including the Trust, Scottish Disability Sport, Annan Adult Resource Centre (ARC), Inspiring Action, A&E Coalition of Disabled people, Carriage Driving for the Disabled, Enable and Capability Scotland. The group have a constitution, their own bank account and are currently in the process of becoming recognised as a Scottish Charity. The Group, in partnership with the Leisure Trust, have organised two disabled sports taster days (Sept '04 and March '05) which proved very popular with over 30 local disabled people (both adults and children) taking part at each in a wide range of sports. The Group have written an action plan and aim to develop further, regular clubs and groups for local disabled people with the aim of establishing local teams which will compete in Scottish Disability Sport national competitions. We are now looking to attract funding to appoint a full time Physical Activity & Disability Development Officer to expand further on the good work being done.
- Set up after school sports clubs for children aged 8-16 years with a record of needs, following a grant from the Support to Learning Department. These weekly sessions ran from April-June and October-December '04 and provided the children the opportunity to try out a wide range of different sports and improve their skills and abilities while also raising confidence and self-esteem. Funding applications are currently lodged to sustain and further develop this scheme.
- In partnership with the Annan Adult Resource Centre the Trust have provided various activities for local Adults with Learning Difficulties (AWLD), including various blocks of sports and fitness classes and blocks of Athletics and Bowling Coaching in the summer months. The Trust also took a group of AWLD to watch the Scotland play football.
- International against Romania at Hampden Park in March 2004, a very unique experience for all. Further developments in this area include a planned trip to the Special Olympics taking place in Glasgow in July.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

Annandale and Eskdale – Exercise to music & Outreach Development

- Created new exercise classes in a wide range of villages and towns in outreach areas to increase access and raise levels of physical activity This Project, known as the Exercise to Music/Healthy Living initiative was achieved in partnership with the local Health Care Co operative (LHCC), Area Committee funding, BNSF, Federation of Village Halls and Age Concern The project involved training local people in Exercise to Music and then implementing a programme of new classes throughout the district, with new classes presently set up in Canonbie, Rigg, Lockerbie, Johnstonebridge, Kirkpatrick Fleming, Ecclefechan, Brydekirk with further venues planned for the coming months Classes for the 'Over 50' market have also been developed with new weekly Easi-obics classes in Canonbie, Lockerbie and Ecclefechan, with further classes planned
- Successful organisation of the annual Ride 4 Free Scheme providing free transport from remote rural locations to sports facilities
- Delivered Community TOPS in 15 different towns and villages across the district and trained local leaders in TOP Play and TOP Sport Lead the development of TOP Tots/Start for the Under 5's age group with the establishment of a regional working group, with the training and full roll out programme planned for 2005/06

Introduced New Community Facilities

- Attracted £83,000 from external funds to purchase and install the Moffatasia water play feature to provide the first interactive children's waterplay feature in Scotland After five years refurbished the facility to maintain it as the original and best in Scotland The facility enhanced the Station Park and increased usage
- Further enhanced Station Park and made available additional services by purchasing a retailing outlet to avoid children having to go to the petrol station for refreshments The Mofhut cabin is now the central control and first aid point of the park We also created a new patio area overlooking the waterplay feature, refurbished the central Pavilion and Boathouse, refurbished the old Station Toilets for use as changing rooms, resolved problems with underground drainage around the Station Park area, erected new sign posts in the park and arranged a programme of summer entertainment for children All the work and investment helped us to achieve the parks first quality rating with a two star rating from Scottish Tourist board.

Sports Academy

- Established the annual Sports Academy in 2003 providing a wide range of new sports and high quality coaching for talented performers The number of children in 2003 taking part was 328 and this rose to 496 in 2004, and over 1000 in 2005 Free transport is also included with bus stops at all towns and villages across Annandale & Eskdale, to ensure social inclusion The event also informs children on healthy lifestyles choices with advice on diet, anti smoking and the anti drugs message through partnerships with the local police and health improvement team The event has been critically acclaimed as a model of good practice of intervention to anti social behaviour through sport and received coverage in local, regional and national press and was covered also by the Border TV news This has been achieved through various partnerships including Scotland Against Drugs & Children in Need and using Sporting Idols as an endorsement for healthy living

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

Local Events

- Created new annual children's bowling competition in July in partnership with the local bowls clubs
- Created new annual children's Golf competition in August
- The Leisure Trust organises the annual Annan Duathlon attracting a large entry field from across the UK and have hosted the British Home Nations and the Scottish Duathlon Championships on several occasions
- Took over the organisation of the Muckleton Annual Doctors Run in 2004 and plan to further develop in 2005 with children's races and sponsorship being raised for the local hospital
- Taken over the running of the Annandale & Eskdale in Bloom Competition previously undertaken by the Council
- Operate a very successful sports awards evening every year.

Community Sports Development

- Reorganised the staff structure to create a dedicated Development Unit, which then wrote the Annandale & Eskdale Sports & Leisure Trust Sports Development Strategy 2003 2007 The strategy outlines 11 Key Objectives with some of the major initiatives and achievements being
- Judo – established a new Judo club at Lochmaben Centre with funding from the Robertson Trust for the appropriate matting
- Trampolining – Purchased trampolines and established new clubs in Annan, Moffat, Lochmaben and Langholm with the Trust's own badge scheme and an annual Annandale & Eskdale competition for members of these clubs
- Gymnastics – Qualified 16 local people in the Gymnastics Leaders Award Due to recent development and local demand we have advertised for a full-time Gymnastics/Trampolining Coach
- Table Tennis – invested heavily in equipment and worked in partnership with the Table Tennis Development Officer to create new clubs in the area
- Athletics – delivered annual Star trac coaching programme and organise annual local trials for Indoor Athletics to choose a team to represent the district in the regional finals, with members then chosen to represent region in West of Scotland finals and the Scottish Finals in 2005. Membership of the D&G Athletics Development Group to establish pathways in partnership with the local athletics clubs
- GP Referral Scheme – Trained staff as Lifestyle Referral Consultants and currently re evaluating and re launching present scheme through the establishment of a working group with representation from local practices, LHCC and Trust
- Club Development included a new annual bowling league established with 11 local bowls clubs running throughout the summer months with teams to include adults, junior and 50+ members to encourage participation. The Leisure Trust gave assistance to local sports clubs with funding information and funding applications to help develop local clubs and we loaned equipment to new local clubs to help establish clubs

Facility Refurbishment, Improvements & Investments

- The Leisure Trust has over the past six years improved the services, operation and staffing of **Annan Swimming Pool** and recently invested over £550,000 in the facilities refurbishment.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

Investment

- Refurbishing the Plant room and boilers, the changing rooms, and the reception area
- Created new coffee shop, meeting room and disabled changing rooms
- Introduced credit and debit card sales and telephone bookings
- Purchased new telephone system, and cash tills
- Improved car parking by marking out the parking spaces

Programme and Awards

- Won a special award for the Swimming Development Programme
- The Annan Pool was the first facility in D/G to achieve the QUEST award for quality
- The Leisure Trust now manages the games hall programme instead of the School Board
- Restructured the Swimming Pool timetables generating more income
- Extended opening times
- Increased usage, increased income, increased profitability, increased number of children through swimming lessons
- Introduced retail sales such as swimming aids
- Created new putting green in Seaforth Park which is now operated from the swimming pool

Staffing

- Appointed a new full time manager
- Restructured the staffing complement under the manager and now employs more staff than under the council
- Increased level of staffing by creating additional jobs
- Improved supply and training of teachers
- Created new identity and logo

The Leisure Trust has over the past six years improved the services, operation and staffing of **Newington Leisure Centre** and recently invested over £450,000 in the facilities refurbishment

Investment

- Invested over £450,000 in the refurbishment of the changing rooms, the dance studio, and the fitness room
- Purchased new range of fitness equipment
- Purchased new spinning cycles
- Installed air conditioning in gym
- Installed new sauna and spa area
- Provided new outdoor pitch changing area to separate indoor and outdoor changing
- Installed the first jacuzzi and sauna
- Installed a new Kick Wall games area and youth shelter
- Marked out the car park to increase space and dropped kerb for disabled users
- Purchased and installed a new computer based cash till system with membership management software
- Purchased new equipment for class programme
- Purchased new trampolines to launch trampoline classes

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

Programme

- Introduced a range of new memberships
- Increased the membership from almost zero to 550
- Introduced a new class programme and now operate 23 fitness classes per week
- Introduced direct debits for memberships

Staffing

- Restructured the staff structure to reflect a more focused fitness need and we now employ more staff
- Recruited a full time Manager

The Leisure Trust has over the past six years improved the services, operation and staffing of **Station Park** and invested over £120,000 in the facilities refurbishment.

Investments

- Invested in the facility by purchasing £7000 of new Swan boats and held a naming competition
- Attracted £83,000 from external funds to purchase and install the Moffatasia water play feature
- Refurbished Moffatasia at a cost of 25,000 to the Leisure Trust
- Purchased the log cabin for retailing in the Park, an investment of £6,000. The cabin is now the central control and first aid point of the park
- Created sit out patio area overlooking Moffatasia
- Refurbished the central Pavilion and Boathouse
- Refurbished the old Station Toilets for use as changing rooms for Moffatasia
- Resolved problems with underground drainage around the Station Park area.
- Erected new sign posts in the park.
- Creation of Moffatasia and its merchandise
- Creation of Mofhut and its merchandise

Programme and Awards

- Achieved Visit Scotland thistle quality award scheme (2 star)
- Arranged a series of summer entertainment for children

Staffing

- Recruited additional staff to operate the improved facilities

The Leisure Trust has over the past six years improved the services, operation and staffing of **Beechgrove Sports Centre and Beechgrove Park**

- Implemented new logo and identity
- Invested in the facility and installed new lights in the sports hall
- Installed new heating and hot water boilers
- Installed new Sports Hall curtain
- Installed new front door and fire doors
- Resolved car park drainage problems
- Refurbished outside of Beechgrove Centre and pavilion

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

Establishment of a local company

Planning

- Written and implemented the companies Business Plan, the Sports Development Plan and the Investment Plan
- Set up the Gretna and District Leisure Association as a charity
- Set Annual facility and company objectives

Operations

- Purchased new Enterprise Exchequer Financial System
- Recruited new Human Resource Consultants
- Recruited new Technology consultants
- Recruited our Accountants and VAT specialists
- Recruited our Company Secretary
- Implemented credit card and direct debit payments in facilities
- Created own Leisure Trust image
- Implemented BACS payments for payment of invoices.
- Created extra office /admin space

Staffing

- Recruited 5 new Directors
- Created the post of Marketing Manager
- Restructured admin staff and senior positions
- Created three new facility Managers positions

Financial

- Increased surplus over budget after first year of operation from £24,000 to £118,000
- Increased surplus over budget after second year of operation from £118,000 to £206,000
- Increased surplus over budget after third year of operation from £206,000 to £250,000
- Purchased 5 new PCs for Head Office investment of £8,000
- Attracted Sportscotland funding of £200,000 for the internal refurbishment of the Newington Centre – Total Final Investment £450,000
- Attracted Sportscotland funding of £331,000 for the internal refurbishment of the Annan Swimming Pool – Total Final Investment £550,000
- Invested in new technology, in all facilities and Head Office £28,000
- Invested in facilities to reduce the operating deficit on all facilities
- Increased staffing
- Increased salary levels
- Created sports Development Opportunities
- Increased staff training

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

Marketing

- Numerous press releases and photo calls to highlight projects and new developments
- Coverage of the Sports Academy, Disability Sports initiative and Ride 4 Free scheme on Border Television.
- Introduced new Leisure Pass
- Created new web site
- Introduction of Trust Mascot Trusty Rusty
- Introduction individual facility leaflets
- Branding of the ESKape Fitness Suites
- Created Individual Facility logo's
- Introduction of individual facility marketing and research plans
- Working partnerships with the local press throughout the area with weekly coverage and back page adverts
- Partnerships with the TIC
- Sponsorship of events and activities that we organise
- Introduction of focus groups and customer care forums
- Buddy Scheme.
- Client Profile Project
- Promotional Days throughout the local town in partnerships with the initiatives
- Regular Presentations to council and other outside agencies

Coach Education & Development

- Organised various local Sports coach UK coaching course and NGB courses in badminton, gymnastics, basketball, tennis and trampolining and for 2005 netball and volleyball planned
- Delivered 4 local Community TOPS deliverers courses

Coach Education Scheme – funded various local coaches in the following sports

Course Description	Number of People Qualified
Scottish Gymnastics Foundation License	8
ASA Swimming Club Coach	2
Trampoline Club Coach Award	1
Basketball Level 1 Coach Award	16
Gymnastics Assistant Coach Award	2
GP Referral Exercise Consultant Course	1
Athletics level 1 Coach Award	5
Scottish Badminton Union Leaders Award	12
Gym Instructor Course	1
ISRM Serving Disabled Customers Distance Learning	2
Scottish Badminton Union Leaders Award	12
Fitness Scotland E2M Course	1
Athletics Level 2 Coach Award	1
Fitness in Running & Walking	1
Child Protection POCSA Information Evening	100
TOTAL	165

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

Specific Achievements for 2005 to 2006

- Opened the refurbished Annan Swimming Pool and Coffee Shop.
- Appointed a full time Gymnastics & Trampolining Coach to develop and deliver classes throughout the district
- Further expanded our programme of Annual Events with a new Streetball Basketball competition, Health Fairs, Sports Relief Mile event and Primary School Swimming Gala
- The Sports Academy in 2005 developed 23 different sports and attracted over 1000 children. Due to this success, the Academy was nationally recognised with the Scottish Association of Local Sports Council's (SALSC) Sports Development Initiative of the Year Award for 2005 and, highly commended at the prestigious sportscotland Sponsorship of Scottish Sport Awards 2005 alongside well regarded organisations such as the Scottish Football Association, Scottish Athletics and Scottish Rugby Union
- Appointed a Full time Physical Activity & Disability Development Officer to further enhance and develop various physical activity projects and continue to increase opportunities in the local area for people with disabilities
- The Special Olympics Flame of Hope passes through Annan on it's way to the National Games in Glasgow, highlighting our developments in disability sport.
- New wheelchair curling sessions were established, with the newly formed team playing a match against the Welsh International Team in February at Lockerbie Ice Rink

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.

FINANCIAL REVIEW

Reserves Policy

The directors are conscious that in order to allow the charity to be managed efficiently and to provide a buffer for uninterrupted services, reserves should be maintained at a higher level than is currently the case.

The reserves have recently been reduced substantially due to the need for the charity to invest additional sums in the two facility refurbishments, at the Newington Centre and Annan Swimming Pool.

Efforts need to be made to restore and maintain reserves to a higher level.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

PLANS FOR FUTURE PERIODS

- In partnership with Dumfries and Galloway Council refurbish the Games Hall at Annan Swimming Pool
- Commence second phase of the Newington Leisure Centre Development
- Replace the stage with additional storage facilities at the Lochmaben Centre
- In partnership with Dumfries and Galloway Council open the Lockerbie Multi use Games area to the public
- In partnership with Dumfries and Galloway Council open and operate the new leisure facilities in the new Lockerbie Academy
- Install and open the new coffee shop at the Eskdale centre
- Replace the boat house in Station Park Moffat
- Replace many of the ageing boats on the lake in Station Park
- Win additional management contracts
- Appointment of a Part time "Better for Walking" Co ordinator to manage, develop and deliver a network of walking groups throughout the district, promoting the benefits of walking as a way to improve health and reduce social isolation
- Disability Sport – following the establishment of regular clubs in various sports to take Annandale & Eskdale teams to National Competitions
- Rural Service Priority Areas (RSPA) Project – this project funding will allow for the delivery of new classes and activities in Bankshill, Corrie, Boreland, Waterbeck, Eskdalemuir, Bentpath and Moffat Water Free training courses and equipment will be offered to interested individuals residing in these communities, aiming to improve sustainability

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
Mrs L Vaughan
Mr J E Moore
Mr A M Blake
Mr J Peel
Mr L F Tosh
Mr I Lindsay

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 Moore
Health & safety committee Dr R A Palmer, Mr T Russell
Human Resources committee Mr J Peel, Mr A M Blake

At a meeting of the Board held on 9 May 2005 it was decided to disband the Health & Safety committee and the Human Resources committee

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31ST MARCH 2006

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.

In accordance with company law, as the company's directors, we certify that

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITOR

A resolution to re appoint Armstrong Watson as auditor 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


MISS A HUTCHISON
Company Secretary

Approved by the directors on .. 6/11/06

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNANDALE & ESKDALE SPORTS & LEISURE TRUST

YEAR ENDED 31ST MARCH 2006

We have audited the financial statements which comprise the Statement of Financial Activities, Income and Expenditure Account, 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 AUDITOR

The directors' (who also act as Directors for the charitable activities of the company) responsibilities 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) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 International Standards on Auditing (UK and Ireland) 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
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANNANDALE & ESKDALE SPORTS & LEISURE TRUST *(continued)***

YEAR ENDED 31ST MARCH 2006

OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31st March 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985,

the information given in the Trustees' Annual Report is consistent with the financial statements for the year ended 31st March 2006

CARLISLE

7th November 2006

ARMSTRONG WATSON
Chartered Accountants
& Registered Auditors



ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31ST MARCH 2006

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £ <i>Restated</i>
INCOMING RESOURCES					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations	2	9,203	—	9,203	404,965
<i>Activities for generating funds</i>					
Interest receivable	4	5,538	—	5,538	2,010
Other income		958	—	958	—
Incoming resources from charitable activities					
Grants receivable	3	398,117	50,559	448,676	426,983
Income from charitable trading activities	3	587,374	—	587,374	445,124
Total incoming resources		1,001,190	50,559	1,051,749	1,279,082
RESOURCES EXPENDED					
Costs of generating funds					
Charitable activities	5	1,003,851	101,112	1,104,963	919,535
Governance costs	6	23,246	—	23,246	14,557
Total resources expended	8	1,027,097	101,112	1,128,209	934,092
Net (outgoing)/incoming resources before other recognised gains	9	(25,907)	(50,553)	(76,460)	344,990
Other recognised gains					
Actuarial gains/(losses)	20	(58,000)	—	(58,000)	(3,000)
NET MOVEMENT IN FUNDS		(83,907)	(50,553)	(134,460)	341,990
Balances brought forward at 1 st April as originally stated		45,407	652,937	698,344	350,354
Prior year adjustment	19	(164,000)		(164,000)	(158,000)
Restated balance recognised since the last annual report		(118,593)	652,937	534,344	192,354
Balances carried forward		(202,500)	602,384	399,884	534,344

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

The notes on pages 20 to 31 form part of these financial statements

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31ST MARCH 2006

	Note	2006 £	2005 £ <i>Restated</i>
INCOME		1,046,211	1,277,072
TOTAL EXPENDITURE	8	<u>1,128,209</u>	<u>934,092</u>
OPERATING (DEFICIENCY)/SURPLUS	9	(81,998)	343,980
OTHER INCOME			
Interest receivable and similar income	4	<u>5,538</u>	<u>2,010</u>
NET (DEFICIENCY)/RETAINED SURPLUS FOR THE FINANCIAL YEAR		<u>(76,460)</u>	<u>345,990</u>

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

The notes on pages 20 to 31 form part of these financial statements

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE


BALANCE SHEET

31ST MARCH 2006

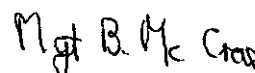
	Note	2006 £	£	2005 £	£ <i>Restated</i>
FIXED ASSETS					
Tangible assets	10		780,781		809,464
CURRENT ASSETS					
Debtors	11	23,474		95,530	
Cash at bank and in hand		<u>34,781</u>		<u>23,517</u>	
		58,255		119,047	
CREDITORS: Amounts falling due within one year	12	<u>(215,152)</u>		<u>(221,426)</u>	
NET CURRENT LIABILITIES			(156,897)		(102,379)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>623,884</u>		<u>707,085</u>
CREDITORS: Amounts falling due after more than one year	13		-		(8,741)
Pension liability	20		(224,000)		(164,000)
NET ASSETS			<u>399,884</u>		<u>534,344</u>
FUNDS					
Restricted	15		602,384		652,937
Unrestricted	16		21,500		45,407
Pension reserve	20		(224,000)		(164,000)
TOTAL FUNDS			<u>399,884</u>		<u>534,344</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 16/11/06 and are signed on their behalf by


MR J E TURPIE

MRS M B McCRAE



The notes on pages 20 to 31 form part of these financial statements

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

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" issued in March 2005 (SORP 2005) and the Companies Act 1985. Where applicable the comparatives have been restated. 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.

Changes in accounting policies

In preparing the financial statements for the current year, the charity has adopted the following Financial Reporting Standards:

the final transitional arrangements requiring full adoption of FRS 17 'Retirement Benefits.'

FRS 17 'Retirement Benefits'

FRS 17 has been adopted in full in the current year. This has required the pension fund liability to be recognised in the financial statements. The effect on the current year has been to increase the charge to the profit and loss account by £2,000 (2005 £3,000 decrease) and the charge to reserves for actuarial losses of £58,000 (2005 £3,000).

There has been a prior year adjustment of £164,000 to reflect the accumulated pension liability.

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.

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

1. ACCOUNTING POLICIES *(continued)*

Expenditure

Expenditure has been charged to the income and expenditure account on an accruals basis

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as deemed by the trustees

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the statement of financial activities on a straight line basis

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 income on a straight line basis over the period of the lease

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

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 pension scheme liabilities are measured using a projected unit method. The pension scheme assets are valued at market value. The pension scheme deficit is recognised in full on the balance sheet.

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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.

2. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Donations	<u>9,203</u>	<u>—</u>	<u>9,203</u>	<u>404,965</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Fees and admission charges	587,374		587,374	445,124
Council funding	398,117		398,117	393,140
Event related grants		50,559	50,559	33,843
	<u>985,491</u>	<u>50,559</u>	<u>1,036,050</u>	<u>872,107</u>

4. INTEREST RECEIVABLE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Bank interest receivable	4,538		4,538	<i>Restated</i> 4,010
Net return on pension scheme assets	1,000		1,000	(2,000)
	<u>5,538</u>	<u>—</u>	<u>5,538</u>	<u>2,010</u>

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

5. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £ <i>Restated</i>
Costs directly allocated to activities				
Grants paid	702	9,576	10,278	6,909
Wages and salaries	423,315	42,687	466,002	396,837
Light, heat, rates and water	97,238	-	97,238	69,392
Repairs & maintenance	52,572	-	52,572	53,727
Chemicals	6,790	-	6,790	4,058
Vending supplies	75,764		75,764	56,384
Hire of facilities and equipment	4,339	-	4,339	3,992
Staff training	10,844	-	10,844	16,011
Laundry and cleaning	7,199		7,199	7,726
Loss on disposal of fixed assets			-	842
Depreciation of assets used for charitable activities	37,612	48,849	86,461	43,863
Support costs allocated to activities				
Salaries	159,722		159,722	149,762
Advertising and marketing	19,315		19,315	18,131
Insurance	16,257		16,257	16,505
Travel and subsistence	18,835		18,835	15,430
Printing, stationery and postage	7,999		7,999	9,838
Telephone	9,769		9,769	9,882
Sundry expenses	40,111		40,111	26,761
Performing rights fees	5,672		5,672	2,825
Bad debts written off	510		510	222
Depreciation of office equipment	5,931		5,931	7,819
Hire purchase and finance lease charges	3,355		3,355	2,619
	<u>1,003,851</u>	<u>101,112</u>	<u>1,104,963</u>	<u>919,535</u>

6. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Wages and salaries	8,406		8,406	7,882
Audit fees	6,095		6,095	5,950
Legal and professional fees	8,745		8,745	725
	<u>23,246</u>	<u>—</u>	<u>23,246</u>	<u>14,557</u>

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

7. TAXATION

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

8. TOTAL RESOURCES EXPENDED

The aggregate payroll costs were:

	2006 £	2005 £ <i>Restated</i>
Wages and salaries	543,187	473,259
Social security costs	29,750	26,555
Other pension costs	61,193	54,667
	<u>634,130</u>	<u>554,481</u>

No director received any remuneration during the year

During the year no directors received reimbursement for travel expenditure (2005 2 directors received £606)

Particulars of employees:

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

	2006 No	2005 No
Number of management and administrative staff	6	6
Number of staff involved in direct charitable activities	57	52
	<u>63</u>	<u>58</u>

9. OPERATING DEFICIT/SURPLUS

Operating deficit/surplus is stated after charging

	2006 £	2005 £ <i>Restated</i>
Staff pension contributions	61,193	54,667
Depreciation	92,392	51,682
Loss on disposal of charitable purposes fixed assets	—	842
Auditors' fees	<u>6,095</u>	<u>5,950</u>

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

10. TANGIBLE FIXED ASSETS

	Equipment £	Leasehold property £	Total £
COST			
At 1st April 2005	287,421	698,719	986,140
Additions	27,327	36,382	63,709
At 31st March 2006	314,748	735,101	1,049,849
DEPRECIATION			
At 1st April 2005	130,618	46,058	176,676
Charge for the year	43,385	49,007	92,392
At 31st March 2006	174,003	95,065	269,068
NET BOOK VALUE			
At 31st March 2006	140,745	640,036	780,781
At 31st March 2005	156,803	652,661	809,464

Hire purchase agreements

Included within the net book value of £780,781 is £57,815 (2005 £52,424) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £16,487 (2005 £14,805)

Capital commitments

	2006 £	2005 £
Contracted but not provided for in the financial statements	11,210	—

11. DEBTORS

	2006 £	2005 £
Other debtors	14,488	26,465
Prepayments	8,986	69,065
	23,474	95,530

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

12. CREDITORS: Amounts falling due within one year

	2006	2005
	£	£
VAT	6,045	—
Hire purchase agreements	12,030	13,111
Other creditors	191,827	203,315
Accruals	5,250	5,000
	<u>215,152</u>	<u>221,426</u>

Secured Creditors

Included in the above are secured creditors as follows

	2006	2005
	£	£
Hire purchase creditors	<u>12,030</u>	<u>13,111</u>

13. CREDITORS: Amounts falling due after more than one year

	2006	2005
	£	£
Hire purchase agreements	<u>—</u>	<u>8,741</u>

Secured Creditors

Included in the above are secured creditors as follows

	2006	2005
	£	£
Hire purchase creditors	<u>—</u>	<u>8,741</u>

14. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2006	2005
	£	£
Amounts payable within 1 year	13,477	15,060
Amounts payable between 2 to 5 years		10,040
	<u>13,477</u>	<u>25,100</u>
Less interest and finance charges relating to future periods	<u>(1,447)</u>	<u>(3,248)</u>
	<u>12,030</u>	<u>21,852</u>

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

15. RESTRICTED FUNDS

	Balance at 1 Apr 2005 £	Movement in resources:		Balance at 31 Mar 2006 £
		Incoming £	Outgoing £	
Sporting Organisations Support	1,704	7,872	(9,576)	–
Newington Sports & Leisure Centre Development	245,698	–	(18,357)	227,341
Seaforth development	15,000	–	–	15,000
Annan Swimming Pool	390,535	–	(30,492)	360,043
Event related grants	–	42,687	(42,687)	–
	<u>652,937</u>	<u>50,559</u>	<u>(101,112)</u>	<u>602,384</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 Trust have applied for funding to refurbish the tennis courts at Seaforth Park. The above balance represents initial funding from Dumfries and Galloway Council and a grant from the local area committee

The Annan Swimming Pool fund was a new fund established in 2005 to refurbish the facility

Event related grants relates to specific monies received to fund certain events held during the year

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

	Tangible fixed assets £	Other net assets £	Total £
Newington Sports & Leisure Centre Development	213,065	14,276	227,341
Seaforth development	–	15,000	15,000
Annan Swimming Pool	425,223	(65,180)	360,043
	<u>638,288</u>	<u>(35,904)</u>	<u>602,384</u>
Unrestricted funds	142,493	(344,993)	(202,500)
	<u>780,781</u>	<u>(380,897)</u>	<u>399,884</u>

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

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 for Smaller Entities

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. PRIOR YEAR ADJUSTMENT

The company has complied with the full adoption of Financial Reporting Standard 17 'Retirement Benefits' during the year. This has necessitated providing for the pension fund deficit in the financial statements. The effect has been to reduce the brought forward reserves by £164,000 and to reduce the reserves brought forward into 2005 by £158,000

20. 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. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2006.

The pension cost charge for the period was £61,193 (2005: £54,667)

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 £821,000 (2005: £582,000). They also estimated that the present value of the Scheme liabilities in respect of the Trust was £1,045,000 (2005: £746,000), resulting in a net pension liability of £224,000 (2005: £164,000).

The financial assumptions used by the actuary were

	31 March 2006	31 March 2005
	% per annum	% per annum
Price increases	3.1	2.9
Salary increases	4.6	4.4
Pension increases	3.1	2.9
Discount rate	4.9	5.4

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

20. PENSION COMMITMENTS *(continued)*

The assets of the whole of the Dumfries & Galloway Council Pension Fund as at 31 March 2006, estimated by Dumfries & Galloway Council where necessary, and their expected rate of return were as follows:

	Fund Value at 31 March 2006 £'000's	Long Term Return % Per Annum	Fund Value at 31 March 2005 £'000's	Long Term Return % Per Annum
Equities	539	7.4	396	7.7
Bonds	212	4.6	137	4.8
Property	45	5.5	34	5.7
Cash	25	4.6	16	4.8
	<hr/>	<hr/>	<hr/>	<hr/>
	821	6.5	582	6.8
Present value of scheme liabilities	1,045		746	
	<hr/>		<hr/>	
Shortfall of the scheme	(224)		(164)	
	<hr/>		<hr/>	
Net pension asset/liability	(224)		(164)	
	<hr/>		<hr/>	

Analysis of the amount that is charged to operating profit under FRS 17

	2006 £'000's	2005 £'000's <i>Restated</i>
Current service cost	61	55
	<hr/>	<hr/>
Total operating charge	61	55
	<hr/>	<hr/>

Analysis of the amount credited to investment income under FRS 17

	2006 £'000's	2005 £'000's <i>Restated</i>
Expected return on pension scheme assets	43	34
Interest on pension scheme liabilities	(42)	(36)
	<hr/>	<hr/>
Net return	1	(2)
	<hr/>	<hr/>

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

20. PENSION COMMITMENTS *(continued)*

Analysis of the amount that is recognised in Statement of Financial Activities under FRS 17

	2006 £'000's	2005 £'000's <i>Restated</i>
Actual return less expected return on pension scheme assets	101	20
Experience gains and losses arising on the scheme liabilities	34	(1)
Changes in financial assumptions underlying the present value of the scheme liabilities	(193)	(22)
Actuarial gain/(loss) in pension plan	(58)	(3)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors		
Actuarial Gain/(Loss) recognised in SOFA	(58)	(3)

Movement in surplus during the year

	2006 £'000's	2005 £'000's <i>Restated</i>
Surplus/(Deficit) in scheme at the beginning of the year	(164)	(158)
Current service cost	(61)	(55)
Employer contributions	58	54
Net return on assets	1	(2)
Actuarial gains/(losses)	(58)	(3)
Surplus/(deficit) at end of year	(224)	(164)

History of experience gains and losses

	2006 £'000's	2005 £'000's <i>Restated</i>
Difference between the expected and actual return on assets	101	20
Value of assets	821	582
Percentage of assets	12.3%	3.5%
Experience gains/(losses) on liabilities	34	(1)
Total Present Value of Liabilities	1,045	746
Percentage of the Total Present Value of Liabilities	3.3%	(0.1%)
Actuarial gains/losses recognised in STRGL	(58)	(3)
Total Present Value of Liabilities	1,045	746
Percentage of the Total Present Value of Liabilities	(5.6%)	(0.4%)

ANNANDALE & ESKDALE SPORTS & LEISURE TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2006

21. GOING CONCERN

The trust has suffered significant cashflow difficulties due to an overspend on the Annan swimming pool refurbishment. The directors are looking to strengthen the position of the trust and do not anticipate any major expenditure in the near future. The trust is dependent upon the continued support of Dumfries and Galloway Regional Council during this period of consolidation. The directors are confident that the support will be forthcoming and consequently that it is correct to prepare these accounts on a going concern basis.