

Registered Charity Number 1103980
Company Limited By Guarantee Number 04868497

DACORUM SPORTS TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017

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Registered Charity Number - 1103980
 Company Number - 04868497

DACORUM SPORTS TRUST
(A company limited by guarantee)

LEGAL AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2017

Status

Dacorum Sports Trust is a registered charity (Registered No 1103980) and a Company Limited by Guarantee (Registered Number 04868497).

The charity is constituted as a company limited by guarantee and was set up on 15 August 2003 and commenced its activities on 1 April 2004. Its activities are governed by its Memorandum and Articles of Association, which have not been amended since 15 August 2003.

Registered office address

The official address of Dacorum Sports Trust is: Park Road, Hemel Hempstead, Herts, HP1 1JS.

Website addresses

The website addresses are: www.sportspace.co.uk; www.thexc.co.uk; www.littlehaygolf.co.uk

Appointment of directors

The Directors of the charitable company (the Charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees serving during the year and since the year end were as follows:

Trustees:	B Malyon	(Chair)
	I Phipps	(Vice Chair)
	I Imami	(Vice Chair; Dacorum Borough Council Nominee)
	M Armstrong	
	P Batten	
	B Bickel	
	M Carpenter	
	S Day	
	E Emptage	
	M Dennis	
	I Grant	
	D Rance	
	M Wood	
	J Dealey	(DST Staff Nominee)
	M Hicks	(Dacorum Borough Council Nominee)
	P Matthews	(Dacorum Borough Council Nominee)

Company Secretary: R Hemmant

Chief Executive Officer: D Cove

Independent Auditor

haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

Introduction

The Trustees present their report, incorporating the strategic report, and financial statements for the year ended 31st March 2017.

In these financial statements all references to the Company mean the Trust and references to the Directors in the Notes to the Financial Statements mean the Trustees.

Structure, Governance and Management

Appointment of Trustees

As set out in the Articles of Association the Chair of the Trustees is nominated by the Trustees. Dacorum Borough Council (DBC) nominates three trustees and the staff nominate one trustee. The Trustees have the power to co-opt further trustees if required. All members are circulated with invitations to nominate trustees prior to the AGM advising them of the reining trustees and requesting nominations for the AGM. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills.

Trustees nominated by Dacorum Borough Council are subject to the nomination processes of that body, and of DST and the guidelines on appointment to public office as they apply to Local Government nominees. The staff nominee is subject to the nomination process as agreed by the Staff Partnership Board.

Trustee induction and training

Potential new trustees undergo an initial meeting with the Chief Executive who briefs them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the history and the planned future of the charity.

The potential trustee is interviewed by 2 existing trustees and attends a Board meeting before being invited to join the Board. This gives them the chance to see the Board in action, meet and talk to existing trustees and senior staff. A Trustee Induction Pack has been produced and trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The Board of Trustees, which can have up to 16 members, administers the charity. The Board meets six times a year and there are two standing committees covering (1) Appointments, Remuneration and Human Resources and (2) Finance and Audit that meet regularly. A Chief Executive is appointed by the Trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and sport and recreation related activity. Although formally known as Dacorum Sports Trust, the majority of the Trust's activities are conducted under the banner of "Sportspace".

The Trustees consider the Chief Executive and Senior Management Team as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All Trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in note 8 to the accounts.

Trustees are required to disclose all relevant interests and register them with the Chief Executive and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises. Neither the Trust nor any of the Trustees have interests with the leisure industry but any such interests would be disclosed. The pay of the Trust's Chief Executive is reviewed annually and normally increased in accordance with average earnings. The remuneration is also benchmarked with charities of a similar size and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

DACORUM SPORTS TRUST
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TRUSTEES' REPORT CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2017

Health and Safety

Particular attention has focused on non-financial risks arising from health and safety issues, fire, customer care and food hygiene. A trustee director is appointed to serve on the Health and Safety committee and an independent agency carries out a continual assessment programme and health and safety audit to minimise risks in this area.

Public Benefit Disclosure

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Objectives and activities

The objects of the Trust are:

1. To provide or assist in the provision of facilities and services (primarily for the benefit of the community and visitors to the administrative area of Dacorum and any surrounding areas) for recreational, sporting or other leisure time occupation in the interests of social welfare, such facilities being provided to the public at large save that special facilities may be provided for persons who by reason of their youth, age, infirmity or disability, poverty or social or economic circumstances may have need of special facilities or services.
2. To promote and preserve good health through community participation in healthy recreation.
3. Such other charitable purposes beneficial to the community consistent with the objects above as the Trustees shall in their absolute discretion determine.

The Trust has the general aim of improving the quality of life within the community by the provision of opportunities for sport and other physical activity.

The strategic objectives of the Trust are unchanged:

- 1 To reduce the grant from DBC.
- 2 That facilities and services are provided principally in the community of Dacorum.
- 3 Maximise investment in commercially viable developments, either within or outside of existing facilities and continue to offer Value for Money services, of high quality and affordability.
- 4 Work in collaboration with partner agencies to improve the health of the local population.
- 5 Seek to widen our customer base with new products and services, targeted especially at young people and the ageing population.
- 6 Secure long term capital finance investment in existing and new facilities.
- 7 Reduce our impact on the environment.
- 8 Reduce our relative costs and our potential future costs.
- 9 Ensure that each site/service area returns an operating surplus unless there is an agreed deficit.

The Board will continue to review the Trust's objectives and will amend them further as required. The Trust works closely with numerous partners in health, education and sport to deliver opportunities for the local community. There is a close working relationship with many sports clubs, providing advice, facilities and promotion opportunities to assist them in recruiting new participants and in developing those that want to perform at a higher competitive level.

Strategic Report

Fair Review of the Company's Business

The Trust receives income from a variety of sources. The vast majority comes from the operation of the sports centres and golf course, we also receive a small amount of funding from Dacorum Borough Council towards the provision of leisure services and for running the sports facilities at Tring and Longdean schools. The Trust receives no donations from individuals and has obtained some small grants for the provision of Sports Development outcomes. Income from operations has increased by 5 per cent due to improvements in Hemel Hempstead gym membership and casual swimming initiatives. Cost increases were held to 1.1% and our unrestricted reserves (excluding pension scheme asset) rose to £1,437k.

Financial Review

The Trustees report that the Statement of Financial Activities (SFA) shows a positive Net Movement in Funds of £1,593,642. This includes the Pension surplus of £1,733,000 and depreciation on XC - funded by My Place Restricted Funds received in prior years of £249,392.

The Operating activities show a surplus of £110,034 despite there being a reduction in the management fee from Dacorum Borough Council of £160,646 from the previous year. The Trustees agreed to maintain the Revenue Reserve at the target of £650,000.

Total Funds currently stand at £5,946,211 after inclusion of the pension scheme surplus of £1,049,000 and the balance of restricted funds relating to grants received from My Place for the construction of XC (£3,460,271).

Tangible fixed assets include the building cost for XC plus the additional cost of the cladding works less depreciation making a total of £4,093,032.

Intangible costs of facilities have also been included at a notional rental and included both as costs and as Donated Services Accommodation income from DBC (see note 2).

Little Hay

Little Hay continued its improvement with an increase in income of 5.6%. Memberships improved on budget by 13.5% this led to a decrease in Pay and Play of 3.8%. The Driving Range was 2.5% ahead of budget but Pitch and Putt usage fell by 25% after last year's increase of 58% due to the addition of Foot Golf. Course fees grew from £7k to £11k.

XC - My Place

The impact of several new chain restaurants opening in Jarman Park has adversely affected XC's catering growth, income fell by £28k while climbing income has continuing to grow. The Trust continues to review the catering provision.

Reserves policy

In accordance with the Charity Commission's recommendation the Trust has adopted a reserves policy to provide a revenue reserve equal to approximately one month's unrestricted expenditure. The Trustees agreed to maintain this at £650,000. The Trustees have asked the management team to align the level of reserves against the risks we face in future years. Total reserves at 31 March 2017 amounted to £5,946,211 (2016: £4,352,569). Of the total reserves held at the year end, £3,460,271 is restricted (2016: £3,709,663). The restricted funds relate to tangible fixed assets held by the Trust. In addition, £2,217,395 of the unrestricted reserves are held in fixed assets (2016: £1,684,471).

DACORUM SPORTS TRUST
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TRUSTEES' REPORT CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2017

Plans for future periods

In March 2017, Dacorum Borough Council gave notice to terminate the leases (with 8 years remaining on the original agreement) the Trust held at Hemel Sports Centre, Berkhamsted Sports Centre, Dacorum Athletics Track and at the school sites at Tring and Longdean schools.

Under the funding agreement, the Trust is obliged to mitigate the breakage costs relating to early termination of the agreement. One method is to re-tender for the contract, Dacorum Borough Council have indicated that the Trust will be allowed to tender for the new contract. With many years of experience and a great understanding of the needs of the local community, the Trust is confident that they will be best placed to win the tender process. Following the successful opening of OurGym in April 2017, the Trust continues to investigate opening further low cost gym facilities and may consider further development at Little Hay.

The Trust has evaluated whether it will continue to be a going concern should the tender process be unsuccessful. The assumed business plan comprising of Little Hay, the XC and OurGym with a new management structure more than meets the requirements of a going concern.

Risk Management

The Trustees have a risk management strategy which comprises; a formal six monthly review of the risks the charity may face; the establishment of systems and procedures to mitigate those risks identified in the plan; and the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise. This work has resulted in better planning and identified only a few minor new risks. The risk management strategy will continue to be reviewed on an ongoing basis.

Principal risks and uncertainties facing the Trust

The main threats we face are from competitors moving into our markets. In particular we have seen new commercial gym operators open sites in Dacorum. Although we anticipate a short term impact on sales revenues, we are confident that we are able to differentiate our offering from others, maximising the benefits we have in offering such a wide range of services and emphasising the combination of value for money and good quality.

Customer service: A significant part of the Trust's business is based on a subscription model and its future success relies on building long-term relationships with its customers. A failure to meet its customers' expectations with regards to service could negatively impact the Trust's brand and competitive position. The Trust strives consistently to exceed its customers' expectations, to put its customers first, to understand what they want and to be responsive to what they say. The Group makes ongoing investments in order to deliver continuous development and improvement to its customer service capabilities, including investment in its contact centre and implementing ongoing training and development plans.

Technology and business interruption: A failure in the operation of the Trust's key systems or infrastructure on which the Trust relies, could cause a failure of service to our customers and negatively impact our brand. The Trust makes significant investment in technology infrastructure to ensure that it continues to support the growth of the business.

Market and competition: The Trust operates in a competitive environment and faces competition from a range of organisations. The Trust regularly reviews its pricing structures to ensure that its service proposition is appropriately placed within the market. The Trust's marketing team ensure that the value of its offering is understood and communicated effectively to its customers. The Trust anticipates a limited impact from the UK's plebiscite on EU membership.

Financial: The effective management of its financial exposures is central to preserving the Trust's sustainability. The Trust's finance team provides support to management to ensure accurate financial reporting and tracking of our business performance. Reporting on financial performance is provided on a monthly basis to senior management and to the Finance Sub Committee and the Board, on a bi-monthly basis. The Trust continually invests in the improvement of its systems and processes in order to ensure sound financial management and reporting.

Statement of Trustees' responsibilities

The Trustees, who are also directors of Dacorum Sports Trust for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records 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 2006. They 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 so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

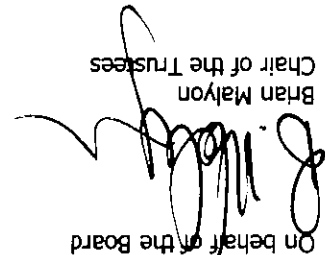
Auditors

At the last AGM the Trust confirmed that haysmachntyre would continue as auditors to the Trust. A programme of internal audit will continue to complement the annual audit.

Strategic Report

The Trustees, in their capacity as company directors, approve the Strategic Report contained within this Trustee Report

On behalf of the Board



Brian Malyon
Chair of the Trustees

26th September 2017

DACORUM SPORTS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DACORUM SPORTS TRUST FOR THE YEAR ENDED 31ST MARCH 2017

We have audited the financial statements of Dacorum Sports Trust for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company 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 TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on page 3, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006. 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 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 website 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 charitable company's affairs as at 31 March 2017 and of the charitable company's net movement in funds, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006;

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

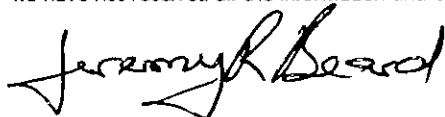
- The information given in the Trustees' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; and
- we have not received all the information and explanations we require for our audit.



Jeremy Beard (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square
London
WC1R 4AG

DACORUM SPORTS TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME & EXPENDITURE ACCOUNT AND A STATEMENT OF RECOGNISED
GAINS AND LOSSES)
FOR THE YEAR ENDED 31ST MARCH 2017**

INCOME	Notes	£	£	£	£
		Unrestricted Funds	Restricted Funds	Total funds 2017	Total funds 2016
Income from donations					
Voluntary Income:					
Donated Services - Accommodation	2	-	444,000	444,000	444,000
Funding Agreements and grants	3	493,993	493,993	493,993	592,885
Income from other trading activities					
Catering, Vending and Merchandising	4	776,252	-	776,252	705,599
Income from Investments	5	190	-	190	2,370
Income from charitable activities:					
Operation of Sports Facilities and Sports Development	6	6,693,590	-	6,693,590	6,356,622
TOTAL INCOME		7,964,025	444,000	8,408,025	8,101,476
EXPENDITURE					
Fundraising trading costs					
Catering, Vending and Merchandising	7	807,154	-	807,154	736,840
Charitable activities					
Marketing Costs	7	322,940	-	322,940	377,176
Operation of Sports Facilities and Sports Development	7	6,695,897	693,392	7,389,289	7,456,370
Net finance loss on defined benefit pension scheme	9	28,000	-	28,000	68,000
TOTAL EXPENDITURE		7,853,991	693,392	8,547,383	8,638,386
NET INCOME/(EXPENDITURE)		110,034	(249,392)	(139,358)	(536,910)
OTHER RECOGNISED GAINS AND (LOSSES)					
Actual (loss)/gain from defined benefit pension scheme	9	1,868,000	-	1,868,000	1,450,000
Reversal of prior year DBC contribution to deficit	9	(135,000)	-	(135,000)	(233,000)
Net recognised gains and losses		1,733,000	-	1,733,000	1,217,000
Net Movement in Funds		1,843,034	(249,392)	1,593,642	680,090
Reconciliation of Funds					
Total Funds brought forward	21	642,906	3,709,663	4,352,569	3,672,479
Total Funds carried forward	22	2,485,940	3,460,271	5,946,211	4,352,569

All activities are continuing and there are no gains or losses other than those stated above. Full comparative figures for the year ended 31 March 2016 are shown in note 23

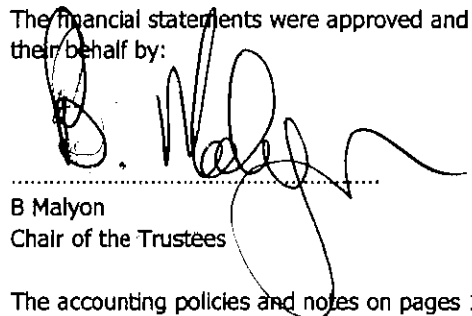
DACORUM SPORTS TRUST
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Company No. 04868497

BALANCE SHEET
at 31ST MARCH 2017

	Notes	2017		2016	
		£	£	£	£
Fixed Assets					
Tangible Assets	11		5,677,666		5,394,134
Current Assets					
Stock		40,421		39,972	
Debtors	12	369,770		346,356	
Cash at Bank and in Hand		827,097		698,472	
		<u>1,237,288</u>		<u>1,084,800</u>	
Creditors: amounts falling due within one year	13	<u>1,199,703</u>		<u>1,321,709</u>	
Net Current Assets/(Liabilities)			<u>37,585</u>		<u>(236,909)</u>
Total Assets less Current Liabilities			5,715,251		5,157,225
Creditors: amounts falling due after more than one year	14		<u>818,040</u>		<u>199,656</u>
Net Assets excluding Pension Liability			4,897,211		4,957,569
Defined Benefit Pension Scheme Asset /(Liability)	9		<u>1,049,000</u>		<u>(605,000)</u>
Net Assets			<u><u>5,946,211</u></u>		<u><u>4,352,569</u></u>
The Funds of the Charity					
Restricted Income Fund			3,460,271		3,709,663
Unrestricted Income Funds:					
General Fund		752,431		569,397	
R & R Fund (XC)		34,509		28,509	
Designated Fund - Revenue Reserve		<u>650,000</u>		<u>650,000</u>	
Unrestricted Income Funds - excluding Pension Scheme		1,436,940		1,247,906	
Pension Scheme Surplus / (Liability)		<u>1,049,000</u>		<u>(605,000)</u>	
Total Unrestricted Income Funds			<u>2,485,940</u>		<u>642,906</u>
Total Charity Funds	21, 22		<u><u>5,946,211</u></u>		<u><u>4,352,569</u></u>

The financial statements were approved and authorised for issue by the Directors on the 26th September 2017 and signed on their behalf by:


B Malyon
Chair of the Trustees

The accounting policies and notes on pages 12 to 23 form part of the accounts.

DACORUM SPORTS TRUST
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2017

	Notes	2017 £	2016 £
Cash used in operating activities		769,772	398,136
Cash flows from investing activities		190	2,370
Interest received		(9,208)	(8,287)
Purchase of fixed assets		(1,098,961)	(488,438)
Net cash inflow/(outflow) before financing		(338,207)	(96,219)
Financing			
Capital element of finance leases		(123,168)	(97,454)
Bank Loans		590,000	0
Increase (decrease) in cash and cash equivalents in the year		128,625	(193,673)
Cash and cash equivalents at the beginning of the reporting period		698,472	892,145
Cash and cash equivalents at the end of the reporting period		827,097	698,472

FOR THE YEAR ENDED 31ST MARCH 2016
(A company limited by guarantee)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2017

	<u>2017</u> £	<u>2016</u> £
Reconciliation of the net movement in funds to net cash inflow from operating activities		
Net (expenditure)/income for the year	(139,358)	(536,910)
Pension costs	51,000	130,000
Net finance gain/(loss) on defined benefit pension scheme	28,000	68,000
Interest received	(190)	(2,370)
Depreciation	815,429	548,350
(Increase)/Decrease in Stocks	(449)	(4,092)
(Increase)/Decrease in Debtors	(23,414)	(67,078)
Decrease/(Increase) in Creditors	29,546	253,949
Finance lease charges	9,208	8,287
	<u>769,772</u>	<u>398,136</u>

1 ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice ('Charities SORP FRS 102') issued in January 2015, applicable accounting standards and the Companies Act 2006. The Trust meets the definition of a public benefit entity under FRS 102.

The Trust has availed itself of Para 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of its activities.

The Statement of Financial Activities (SOFA) shows the sources of income and expenditure analysed between General Fund and Restricted Funds.

The SORP (Statement of Recommended Practice) requires all sources of income to be shown, even though they may be used for purchasing fixed assets. The asset itself is charged in the balance sheet at the time of purchase and is not included in the SOFA expenditure. Depreciation of the asset is charged in the SOFA. Accordingly the net incoming resources are not necessarily operating surpluses (or deficits). They include the purchase cost of the assets less the depreciation charges.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern having considered the Trust's reserves, financial position and future plans.

1.2 Grants and income

Grants are recorded in full in the Statement of Financial Activities in the financial period for which they were receivable. Other Income shown in the Statement of Financial Activities relates to activities carried out during the year. Receipts of income for activities in the following year have been carried forward as advance income.

1.3 Donations and fundraising

Donations and fundraising income is recorded in the financial period for which it was received.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

DBC equipment and furniture	below
XC Building Costs	20 years
Leasehold improvements	10 years
Plant and machinery	5 years
Furniture, fittings and equipment	5 years
Computer equipment and software	3 years
Gym equipment	5 years
Motor vehicles	4 years

DBC equipment and furniture was being depreciated over the life of the lease (21 years), however, due to early termination of the lease the remaining useful life of the assets has been reassessed. This change in accounting estimate in the year ended 31 March 2017 has led to £137,910 additional depreciation being charged. Included within Other Creditors are amounts due to DBC at the end of the contract to reflect the net book value of assets transferred at the start of the contract. Following a review, as a result of early termination of the contract, the value of the creditor has been reassessed to reflect the remaining net book value.

DACORUM SPORTS TRUST
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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2017

1.5 General fund (unrestricted)

Unrestricted funds are donations and other incoming resources receivable, or generated, for the objects of the Trust without further specified purpose, and are available as general funds.

1.6 Restricted funds

Restricted funds are used for the specific purpose as laid down by the funder. Expenditure which meets these criteria is charged to the fund.

1.7 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Support costs are those costs incurred providing services to other parts of the organisation and include HR, Finance and Administration. Governance costs are those costs incurred in order to comply with constitutional and statutory requirements.

1.8 Stock

Stock consists of food and drink used for catering and vending and merchandising stocks for resale to customers. Stocks are valued at the lower of cost and net realisable value. Other stocks are written off in the year of purchase.

1.9 Pension costs

The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in the Statement of Financial Activities within Actuarial gain/losses on defined benefit pension schemes. Movements in the apportionment of the pension liability between the Trust and Dacorum Borough Council are recognised as contributions to the actuarial gain or loss in other recognised gains and losses. The resulting pension liability or asset is shown on the balance sheet. The detailed assumptions relating to the liability recognised on the defined benefit scheme are to be found in note 9. Under FRS 102 there are limits to the amount of surpluses which can be reflected in the Balance Sheet. Advice has been obtained from the actuary which indicates that the surplus is fully recoverable and on this basis it has been recognised in full. As stated above, the pension liability has previously been apportioned between the Trust and DBC. However, given the advice of the Trust's actuaries that the surplus is considered fully recoverable, the trustees consider it appropriate to reflect the full value of the surplus.

For the defined benefit scheme the current service cost is charged to employee costs as other pension costs; net pension finance income or costs are included within other incoming resources where a gain or within resources expended where a loss; actuarial gains and losses are recognised immediately on the face of the SoFA; and the scheme surplus or deficit is shown on the face of the balance sheet and separately in reserves.

For the defined contribution scheme, the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the total of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or

1.10 Finance and operating leases

Rentals applicable to operating leases are charged to the SOFA on a straight-line basis over the period of the leases.

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Trust's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the SOFA over the period of the lease so as to produce a constant periodic rate of charge.

1.11 Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management has made specific judgements on the expected useful life of Fixed Assets and the trustees have taken advice from the Trust's actuaries to determine the pension asset.

1.12 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

1.14 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Long term finance leases are held at settlement value and have not been discounted as, in the view of the Trustees, the discount required would be immaterial to the financial statements.

1.15 Foreign currency translation

The charity's functional and presentation currency is pound sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recognised in the SOFA.

1.16 Company information

Dacorum Sports Trust is a company limited by guarantee registered in England and Wales. Its registered address is Hemel Hempstead Sports Centre, Park Road, Hemel Hempstead, Hertfordshire, HP1 1JS.

2 Donated Services - Accommodation

The Trust has a twenty one year lease on Hemel Hempstead and Berkhamsted Sports Centres and the Athletics Track from the Dacorum Borough Council at a peppercorn rent. The amount of donated services is the estimated rental costs foregone by the Council.

DACORUM SPORTS TRUST
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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2017

3 Funding Agreements and Grants

The Trust provides a range of sport, recreation, health and fitness activities through its two main leisure centres, XC (Extreme Sports Centre), two dual use shared facilities, athletics track, golf course and community projects. Charges are made to customers for these activities and management funding is received from Dacorum Borough Council.

	2017	2016
	£	£
Funding from Dacorum Borough Council	264,354	425,000
Funding from Tring and Longdean Schools	124,525	123,695
Other Grants received or accrued	105,114	44,190
	<u>493,993</u>	<u>592,885</u>

4 Catering, Vending and Merchandising

	2017	2016
	£	£
Customer Sales	<u>776,252</u>	<u>705,599</u>

5 Income from Investments

	2017	2016
	£	£
Interest receivable	190	2,370
	<u>190</u>	<u>2,370</u>

6 Operation of Sports Centres and Sports Facilities

	2017	2016
	£	£
Customer Sales	<u>6,693,590</u>	<u>6,356,622</u>

7 Total expenditure

2016/17	Staff Costs	Other Direct Costs	Support Costs	Intangible Costs	Total 2017
	£	£	£	£	£
Cost of generating funds					
Catering Vending and Merchandising	343,454	356,581	107,119	-	807,154
Marketing and Publicity	136,062	144,442	42,436	-	322,940
Operation of Sports Centres and Sports Development	<u>3,698,373</u>	<u>2,093,437</u>	<u>1,153,479</u>	<u>444,000</u>	<u>7,389,289</u>
Total expenditure	<u>4,177,889</u>	<u>2,594,460</u>	<u>1,303,034</u>	<u>444,000</u>	<u>8,519,383</u>
2015/16					2016
Total expenditure	<u>4,089,713</u>	<u>2,799,954</u>	<u>1,236,720</u>	<u>444,000</u>	<u>8,570,386</u>

Other direct costs include:

	2017	2016
	£	£
Marketing & Publicity	144,442	166,497
Maintenance & cleaning	319,618	365,355
Gas, electric and water	506,674	514,168
Catering and vending & merchandising purchases	338,619	327,779
Governance costs	21,825	20,825
Venue hire	33,470	44,053
Depreciation	815,429	548,350
Other operational costs	<u>414,383</u>	<u>812,927</u>
	<u>2,594,460</u>	<u>2,799,954</u>

Total Governance costs	53,799	54,147
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Included in total expenditure is stock expended in the year of £338,619 (2016: £327,779)

The finance lease rentals in 2017 include interest charges of £9,207 (2016: £8,520)

7 Total expenditure continued

	Support Costs Include:	
	2017	2016
Salaries of support staff	319,300	309,712
Other staff costs	121,998	106,607
Governance costs	7,600	7,736
Service level agreements	15,918	15,917
Irrecoverable VAT	268,934	232,196
Legal, office, IT and insurance	569,284	564,552
	<u>1,303,034</u>	<u>1,236,720</u>
	2017	2016
	£	£
Intangible costs include:		
Notional rental of facilities	444,000	444,000
	<u>444,000</u>	<u>444,000</u>
	2017	2016
	£	£
Governance costs include:		
Auditors' remuneration	12,250	12,650
	<u>12,250</u>	<u>12,650</u>

	Staff costs	
	2017	2016
Wages and salaries	3,880,267	3,733,143
Social security costs	245,052	204,860
Other pension costs	371,870	461,422
	<u>4,497,189</u>	<u>4,399,425</u>
	2017	2016
	£	£

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2017	2016
	Number	Number
£80,000 - £90,000	1	1

Contributions are made on the employee's behalf to the company's defined benefit pension scheme.

The average number of employees analysed by function was:

	2017	2016
	Number	Number
Fundraising activities	26	26
Charitable activities	328	346
Support services	13	13
	<u>367</u>	<u>385</u>

No trustee received remuneration or reimbursement of expenses during the year.
The aggregate remuneration of key management personnel was: £383,565 (2015/16: £398,705)

DACORUM SPORTS TRUST
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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2017

9 Pension costs

As at 31 March 2017, the Trust operates two pension schemes as follows; a defined benefit pension scheme for employees administered by Hertfordshire County Council (HCC). The Trust has been awarded admitted body status to the HCC Local Government Pension Scheme (LGPS). The scheme is externally funded and contracted out of the State Second Pension. The scheme is closed to new entrants. The Trust also operates a defined contribution scheme for all eligible employees.

Triennial actuarial valuations of the defined benefit pension scheme are performed by a qualified actuary using the projected unit method. The most recent formal actuarial review of the scheme was at 31 March 2016. The market value of the scheme's assets at 31st March 2016 was £9,298,000. The Trust made employer's contributions for the year to 31 March 2017 of £310,062 (2016 £322,989). The Trust made employer's contributions of £10,807 (2016 £8,433) for the defined contribution scheme.

The latest estimate of Pension Scheme Assets and Liabilities reveals a surplus of £1,049,000.

A Assumptions underlying valuation

	2017	2016
	% pa	% pa
Pension Increase Rate	2.0%	2.2%
Salary Increase Rate	1.5%	3.7%
Expected Return on Assets	1.3%	1.2%
Discount rate	2.9%	3.6%

Average future life expectancies of members at age 65 is assumed as follows:

	Males	Females
Current pensioners	22.5 years	24.9 years
Future pensioners *	24.1 years	26.7 years

* Figures assume members aged 45 at the last formal valuation date

B Scheme assets

	2017	2016
	Market	Market
	Value	Value
	£'000	£'000
Equities	7,424	6,083
Bonds	2,855	2,511
Property	799	772
Cash	343	290
Total	11,421	9,656

C Net pension surplus / liability

	2017	2016
	£'000	£'000
Estimated scheme assets	11,421	9,656
Present value of scheme liabilities	(10,372)	(10,396)
Net pension surplus / liability	1,049	(740)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2017

9 Pension costs continued

D Recognition in the profit or loss	2017	2016	
	£'000	£'000	
E Reconciliation of the defined benefit obligation	Service cost	361	455
	Interest cost	379	378
	Expected Return on Employer Assets	(351)	(310)
	Total	389	523
F Reconciliation of fair value of employer assets	Year to 31/03/2017	Year to 31/03/2016	£'000
G Actuarial gains and losses recognised	Year to 31/03/2017	Year to 31/03/2016	£'000
H Projected amount charged to operating profit	Year to 31/03/2018	Year to 31/03/2017	£'000
I Pension costs continued	Year to 31/03/2018	Year to 31/03/2017	£'000

Estimated current service cost includes an allowance for administration expenses of 0.5% of pay.

The above figures should be treated as estimates and may need to be adjusted to take account of:

- any material events, such as curtailments, settlements or the discontinuance of the Employer's participation in the Fund;
- any changes to accounting practice or any changes in the Scheme benefits;
- any changes to scheme benefits or member contribution rates; and/or
- any full funding valuation that may have been carried out on the Employer's behalf

The monetary amount of the projected service cost for 2017/18 may be adjusted to take account of actual pensionable payroll for the year.

The projected service cost will not necessarily be appropriate for employers who are no longer admitting new employees to the fund.

DACORUM SPORTS TRUST
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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2017

10 Taxation

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

11 Tangible fixed assets

Cost	Brought Fwd 31-Mar-16 £	Additions £	Disposals £	At 31-Mar-17 £
XC Only				
Building	5,307,531			5,307,531
Furniture, fittings & equipment	133,315		3,747	129,568
IT expenditure	55,063			55,063
XC Sub Total (see note below)	5,495,909	-	3,747	5,492,162
Sports Centres & Little Hay:				
Leasehold Improvements	691,456	107,033		798,489
Low Cost Gym under construction	-	742,656		742,656
Plant & Machinery	216,206	107,297		323,503
Furniture, fittings & equipment	842,085	82,768	35,129	889,724
Office Equipment	7,770		7,770	-
IT expenditure	240,127	37,882	159,218	118,791
IT software	309,138	21,325	83,000	247,463
Gym equipment	906,723		453,666	453,057
Motor Vehicles	10,900			10,900
DBC Assets Transferred 1/4/04	386,094			386,094
	9,106,408	1,098,961	742,530	9,462,839
Depreciation				
XC Only				
Land and Buildings	1,225,188	266,737		1,491,924
Furniture, fittings & equipment	122,626	8,437	3,747	127,316
IT expenditure	55,063			55,063
XC Sub Total (see note below)	1,402,877	275,174	3,747	1,674,304
Sports Centres & Little Hay:				
Leasehold Improvements	225,215	89,677		314,892
Low Cost Gym under construction	-			-
Plant & Machinery	106,550	56,811		163,361
Furniture, fittings & equipment	671,090	74,036	35,129	709,997
Office Equipment	7,770		7,770	-
IT expenditure	206,305	24,885	159,218	71,972
IT software	225,790	50,149	83,000	192,939
Gym equipment	635,152	88,402	453,666	269,888
Motor vehicles	10,900			10,900
DBC Assets Transferred 1/4/04	220,625	156,295		376,920
	3,712,274	815,429	742,530	3,785,173
Net book value				
At 31 March 2017	5,394,134	283,532	-	5,677,666

Land and Buildings at the XC centre are being written off over the term of the XC lease (20 years) whilst the other assets are being written off in accordance with our normal policy.

Plant and Machinery relates to green keeping equipment purchased through hire purchase or lease agreements.

	2017 £	2016 £
Cost	323,503	216,206
Accumulated depreciation		
At 31 March	163,361	106,550
Net book value		
At 31 March	<u>160,142</u>	<u>109,656</u>
Depreciation charged during the year	<u>56,811</u>	<u>24,034</u>

DACORUM SPORTS TRUST
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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2017

12 Debtors

Prepayments	122,410	£	2017
Accrued income	38,229	£	2016
Dacorum Borough Council current account	66,352		
Other debtors	142,779		
	<u>369,770</u>		
	42,114		
	<u>346,356</u>		

13 Creditors: amounts falling due within one year

Trade creditors	557,173	£	2017
Social Security and Other Taxes	72,607	£	2016
Other creditors	31,534		
Landlord contribution to low cost gym construction	12,500		
Accruals	222,429		
Deferred income	138,871		
Lloyds Bank Loan - OurGym	60,000		
Obligations under finance leases	104,589		
	<u>1,199,703</u>		
	97,545		
	<u>1,321,709</u>		

Income is deferred when it is received in advance of the provision of services.

All income deferred at 31 March 2016 was released in the year ended 31 March 2017.

14 Creditors: amounts falling due after more than one year

Lloyds Bank Loan - OurGym	530,000	£	2017
Landlord contribution to low cost gym construction	112,500	£	2016
Obligations under finance leases	175,540		
	<u>818,040</u>		
	199,656		
	<u>199,656</u>		

The Trust has a bank loan which is secured over the leasehold property occupied by the Low Cost Gym. The loan is repayable in monthly instalments over 10 years. Interest on the loan is paid at 3.6% per annum.

15 Obligations under finance leases

The amounts fall due as follows:

Within one year	104,589	£	2017
In the second to fifth year inclusive	175,540	£	2016
	<u>280,129</u>		
	97,545		
	<u>297,201</u>		

16 Operating lease commitments

At 31st March 2017 the company had total commitments under non-cancellable operating leases as follows:

Less than 12 months	64,934	£	2017
Between 2 and 5 years	116,920	£	2016
	<u>181,854</u>		
	62,379		
	<u>212,878</u>		

Operating lease payments of £78,767 were expensed in the year ended 31 March 2017 (2016: £42,638)

17 Company Status

The Trust is a company limited by guarantee and does not have share capital. However every member of the company undertakes to contribute such amounts as may be required (not exceeding £1) to the company's assets if it should be wound up.

DACORUM SPORTS TRUST
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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2017

18 Capital Commitments

At the balance sheet date the Trust had no capital commitments. (2016: none)

19 Related Parties

Dacorum Borough Council is a related party of the Trust on the basis that it has the power to nominate three trustees of the Trust. The Trust operates the leisure facilities of Dacorum Borough Council under contractual arrangements that provide for both revenue and capital funding from the Council. The contractual arrangements are negotiated on an arms length basis. The Trust provides these activities mainly from premises owned by the Council and let to the Trust at a peppercorn rent. Donated services and funding agreements with the Council are shown in notes 3 and 4 of the accounts.

The charity trustees were not paid or reimbursed expenses during the year and no charity trustee received any emolument or payment for professional or other services.

20 Indemnity Insurance

The Trust has arranged insurance to protect itself from loss arising from the neglect, or defaults of its Directors and employees.

	2017 £	2016 £
Directors, officials and employee's indemnity insurance	3,395	2,544

21 Movements in funds

	B/Fwd 01/04/2016	Income & Gains	Expenditure	Transfers	At 31/03/2017
	£	£	£	£	£
Restricted funds:					
My Place Funding - Capital	3,709,663	-	(249,392)	-	3,460,271
Donated Services - Accommodation	-	444,000	(444,000)	-	-
Total Restricted Funds	3,709,663	444,000	(693,392)	-	3,460,271
Unrestricted funds:					
General funds	569,397	7,958,025	(7,802,991)	28,000	752,431
Designated fund -					
XC Repairs Fund	28,509	6,000	-	-	34,509
Revenue reserve	650,000	-	-	-	650,000
	1,247,906	7,964,025	(7,802,991)	28,000	1,436,940
Pension Scheme Liability	(605,000)	1,733,000	(51,000)	(28,000)	1,049,000
Total Unrestricted Funds	642,906	9,697,025	(7,853,991)	-	2,485,940
Total funds	4,352,569	10,141,025	(8,547,383)	-	5,946,211

21 Movements in funds continued

Purposes of restricted funds:

Myplace Grant Scheme grant

The grant has now been received in full. The purpose of the grant was to fund the construction of the new XC centre for young people at Jamman Park. The funding was made as part of a joint application with Youth Connexions who also operate from the centre. The balance of the restricted fund represents a proportion of the capital cost less depreciation written off to date.

Service Level Agreements

DBC funding included an amount to pay for the service level agreements with DBC and included the following:

	2017	2016
£	£	£
Grounds maintenance	12,837	12,837
Legal and insurance	3,080	3,080
	<u>15,917</u>	<u>15,917</u>

Purposes of designated funds (unrestricted):

Revenue Reserve

This reserve has been set up to provide a contingency reserve to cover one months expenditure. The Trust reviews this reserve on an annual basis.

22 Analysis of net assets between funds

Tangible assets	Assets	Liabilities	Total
£	£	£	£
3,460,271	-	-	3,460,271
2,217,395	1,237,288	2,017,743	1,436,940
-	1,049,000		1,049,000
5,677,666	2,286,288	2,017,743	5,946,211

Restricted funds - My Place (to cover depreciation on XC)

Unrestricted funds

Pension Scheme Liability

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2017

23 Comparative Statement of Financial Activities (2016)

		Unrestricted Funds	Restricted Funds	Total funds 2016
	Notes	£	£	£
INCOME				
Income from donations:				
Voluntary Income:				
Donated Services - Accommodation	2	-	444,000	444,000
Funding Agreements and grants	3	592,885	-	592,885
Income from other trading activities				
Catering, Vending and Merchandising	4	705,599	-	705,599
Income from Investments	5	2,370	-	2,370
		1,300,854	444,000	1,744,854
Income from charitable activities:				
Operation of Sports Facilities and Sports Development	6	6,356,622	-	6,356,622
Other Income				
Net finance gain on defined benefit pension scheme	9	-	-	-
TOTAL INCOME		<u>7,657,476</u>	<u>444,000</u>	<u>8,101,476</u>
EXPENDITURE				
Fundraising trading costs				
Catering, Vending and Merchandising	7	736,840	-	736,840
Charitable activities				
Marketing Costs	7	377,176	-	377,176
Operation of Sports Facilities and Sports Development	7	6,758,593	697,777	7,456,370
Net finance loss on defined benefit pension		68,000	-	68,000
TOTAL EXPENDITURE		<u>7,940,609</u>	<u>697,777</u>	<u>8,638,386</u>
NET (EXPENDITURE)/INCOME		(283,133)	(253,777)	(536,910)
OTHER RECOGNISED GAINS AND (LOSSES)				
Actuarial (loss)/gain from defined benefit pension scheme	9	1,450,000	-	1,450,000
Contribution to Actuarial Loss from DBC	9	(233,000)	-	(233,000)
Net		1,217,000	-	1,217,000
Net Movement in Funds		<u>933,867</u>	<u>(253,777)</u>	<u>680,090</u>

