

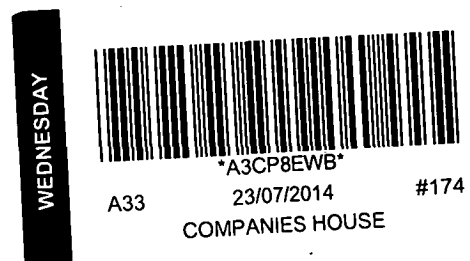
COVENTRY SPORTS TRUST LIMITED

(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2014



Company Registration No. 03738779
Registered Charity No. 1092977

COVENTRY SPORTS TRUST LIMITED

TRUSTEES' REPORT

STATUS

The organisation is a charitable company limited by guarantee and registered as a charity on 16 July 2002.

The Company is established under a Memorandum of Association which establishes the objects and powers of the charitable company and is governed under its Articles of Association.

DIRECTORS AND TRUSTEES

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 Trustees. The Trustees who served during the year were as follows:

M Judge
D Long
A Shaw
T Pepper

LEAD CONSULTANT

P Breed

REGISTERED AND PRINCIPAL OFFICE

Fairfax Street
Coventry
CV1 5RY

REGISTERED NUMBERS

Company registration number 03738779
Registered charity number 1092977

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

COVENTRY SPORTS TRUST LIMITED

TRUSTEES' REPORT (continued)

The Trustees submit their annual report and accounts for the year ended 31 March 2014. In preparing this report the Trustees have complied with the Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) applicable accounting standards and the Memorandum and Articles of Coventry Sports Trust Limited.

REFERENCE AND ADMINISTRATION INFORMATION

Coventry Sports Trust ("CST") is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association. Charity Number: 1092977, Company Number 03738779.

THE COMPANY'S OBJECT

The Company is a charity and exists to promote health, education and wellbeing through the promotion of leisure time and sporting activities to enable all members of society to develop their physical, mental and spiritual capacities so that they may grow into productive members of society.

To achieve this object, the Company provides and promotes a wide range of sports, leisure and health related activities at sports & leisure centres and other facilities.

GOVERNANCE AND RISK

Coventry Sports Trust is committed to achieving high standards of corporate governance throughout its operations and integrity and high ethical standards in all of its dealings.

THE BOARD OF TRUSTEES

The Board leads and maintains full and effective control of the Company and accepts ultimate responsibility for directing the affairs of the Company ensuring that it is solvent, well-run, and delivering outcomes that reflect the objectives of the Company. The Board consists of four Directors.

The Board is responsible for matters of key strategic importance, financial policy, acquisitions and partnership development.

It oversees the Company's financial reporting process, monitors the adequacy of internal control and risk management processes and reviews the auditors' independence and performance. It also oversees the Company's Human Resources Strategy and the Health and Safety Strategy.

All Trustees are given a formal induction on their responsibilities and duties. Coventry City Council's decision to enter in to a new grant agreement with the Trust prompted a review of these governance arrangements. A skills audit was undertaken based on the needs implicit in the seven year business plan that was prepared for the City Council tender.

THE YEAR UNDER REVIEW

The Trust sustained high levels of footfall despite being responsible for the operation of some ageing facilities.

The Health and Fitness sector of the business returned an unprecedented performance with strong growth in participation numbers, as a result of some focussed marketing campaigns. As a result of this growth, further investment in fitness equipment is planned for the forthcoming year in order to ensure that user ratios with equipment are maintained.

Swimming income declined by 6% when compared to the previous year, with a decline in both casual swimming and swimming lessons. The decline in casual swimming was partly caused by a closure of the splash pool at Fairfax Street for essential maintenance, whilst a strategy to reshape the profile of swimming lessons in the forthcoming year is already showing indications of improved performance.

Dry sports performance was on par with the previous year, with peak time use of the facilities continuing to show a return on usage but with the ongoing challenge to fill the off peak slots. School activities showed a marked decline due to strong competition from other providers in the city.

COVENTRY SPORTS TRUST LIMITED

TRUSTEES' REPORT (continued)

THE YEAR UNDER REVIEW (continued)

Golf returned a satisfactory performance recording a 12% growth on the previous year, partly due to substantial investment in both the clubhouse and course throughout the year, along with some very focused marketing campaigns aimed at repositioning the business of the club to make it more attractive to a far wider audience. Plans for the next year include a stronger presence within schools and the community, with a view to nurturing future membership at an early stage, as well as increasing ladies membership.

Further restructuring within the Trust continued to return cost savings such as in the previous year, whilst the Trust's strategic partnership with Coventry Sports Foundation resulted in substantial economies of scale whilst maintaining a clear distinction between the two legal entities.

As from September 2013, the Trust began acquiring its heat supply from the city's 'Heat Line' project, which pipes pressurised steam from the waste reduction unit on the London Road into the city centre. This resulted in the Trust not drawing mains supply gas, with the grant from Coventry City Council being adjusted to a net neutral position, whilst bringing substantial benefits to the environment.

The Trust's wholly owned trading subsidiary, whose principal activity is the management of catering and retailing services located within the Trust's facilities, returned a better performance than in the previous year with gift aid up to £ 26,146 from £ 18,671.

The City Council has renewed its Letter of Comfort, with an undertaking to provide funding support for a further 12 months from the date of signing these accounts, to ensure that the Trust continues as a going concern. The budget projections at the beginning of 2013/14 had anticipated additional funding of £368k being required under the provisions of the Letter of Comfort. However stringent cost control and improved performance across the Trust mean that the year was completed without the necessity for any funding in addition to the grant aid.

The Leisure Management Consultancy agreement with Coventry Sports Foundation that was originally signed in February 2012, was renewed during the year. The agreement, which has now been in place for over two years provides professional advisory and management services to the Trust from a strategic level which includes operations, marketing, health and safety and leisure facility management. The Trust again wishes to thank Paul Breed and his team for their input and support during this year of continued change, as well as representatives from Coventry City Council with whom it enjoys a close and constructive working relationship, as all three parties co-operate towards the common goal of providing a more coherent and consistent city wide public leisure offer.

Looking forward

The position of sport and leisure as a non statutory service is being increasingly scrutinised by local authorities within the context of some challenging and difficult economic times, such that many local authorities are making significant reductions to their sport and leisure spend. However, Coventry City Council have continued to stress the importance of retaining and growing the sport and leisure offer within the city, recognising the wider contribution that sport makes to community life, health and well being outcomes. Therefore, in February 2014, the city launched a draft ten year Coventry Sports Strategy, which contains 8 Vision Aims and 37 Strategic Objectives that represent the views of important strategic partners within the city and beyond. As one of the major public leisure providers within the city, Coventry Sports Trust has been a major contributor to the proposed Sports Strategy and intends to be a central partner in continuing to shape the Strategy and the associated Delivery Actions going forward.

The Strategy itself contains a specific Vision Aim that stresses the importance of providing a 'range of modern, accessible and high quality sports facilities in the city', which has specific relevance to Coventry Sports Trust and the age of the facility stock that it is responsible for operating. To this end, the closure of Foleshill Sports and Leisure Centre is scheduled for mid August of 2014.

The Grant Aid Agreement and property leases with Coventry City Council have a little over two years to run until their expiry date in October 2016!

COVENTRY SPORTS TRUST LIMITED

TRUSTEES' REPORT (continued)

FINANCIAL RESULTS

2013/14 was essentially a year of consolidation following the significant restructuring in the previous year. Operational management supported by a focused in house marketing campaign grew the business by 6% at the turnover level over the previous year. Stringent financial controls over cash flow resulted in the Trust achieving this within its means. The net result is an organisation that is leaner and more robust to face the continued economic challenges in the future.

The relationship with our consulting partners, Coventry Sports Foundation has gone from strength to strength yielding operational efficiencies and resource sharing to the benefit of both organisations.

Operational turnover grew by 6% on 2012/13 with health and fitness and golf growing by 20% and 12% respectively. Dry sports was on a par with the previous year, while swimming declined by 6%.

The total incoming resources were £3,827,833 (2013: £4,069,580) including grant from Coventry City Council of £925,486 compared to £1,297,058 in 2013.

The total resources expended were £3,976,745 (2013: £4,252,406) resulting in a deficit before actuarial loss on defined benefit pension scheme of £148,912 (2013: £182,826).

The group's net deficiency of assets at 31 March 2014 was £2,900,781 (2013: £3,117,869). This deficit is mainly as a result of accounting for the pension liability of £2,129,000 (2013: £2,455,000) in accordance with FRS17 "Retirement Benefits". Before this adjustment the net liabilities are £771,781 (2013: net liabilities £662,869).

GOING CONCERN

The charitable Company and Group have net current liabilities and total funds in deficit (after accounting for the charitable company's share of pension scheme deficit) at 31 March 2014. These financial statements have been prepared on a going concern basis, as the charitable Company has secured an undertaking to provide funding support from Coventry City Council for the twelve months following the date of approval of these accounts.

Related parties

Coventry City Council provides essential core funding to the Company to support its provision of leisure and sporting activities. This funding is set out in Note 2 to the financial statements.

RISK MANAGEMENT

The Board acts prudently to ensure that the Company develops and promotes a diverse range of programmes and activities that deliver the objectives of the Company. There is a continuous process for identifying, evaluating and managing the significant risk factors faced by the Company. The process is embedded in the business, with on-going risk assessments being undertaken in respect of business development, service delivery, operating standards and health and safety. The Trustees have identified the risks that the Company may be exposed to. The Trustees are actively managing the identified risks. The effectiveness of this process is reviewed regularly by the Board.

CUSTOMERS

The Company's policy statement states that 'the Company aims to deliver customer satisfaction by developing and maintaining mutually beneficial and lasting relationships with customers offering best value in terms of price, safety and quality and responding to customer needs through listening and innovation'.

Public Benefit Statement

The Trust relies on grant aid from Coventry City Council, external grants, and income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the Trustees give careful consideration to the accessibility for those on low incomes.

COVENTRY SPORTS TRUST LIMITED

TRUSTEES' REPORT (continued)

Public Benefit Statement (continued)

The Trust provides heavily discounted fees to those on low incomes that have signed up to the city wide Passport to Leisure scheme.

The Trust's competitive range of pricing options including pay and play options, discounts, targeted concessions, family options and all inclusive membership packages ensures there is an affordable range of options for all.

We also work in partnership to deliver key projects including promotional and incentivised pricing activities to help encourage increased participation in physical activity to a diverse range of groups and individuals.

In drafting the above statements, the Trustees have complied with the duty in Section 17 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission.

INVESTMENT POLICY

Coventry Sports Trust has contained in its Memorandum of Association, the power to make investments to fund the activities of the Trust.

The level of investment has always been determined by the level of cash available as the Trust has strived to operate on a break-even basis. During the year the Trust failed to generate surplus funds.

The policy has, therefore, been to invest funds on the HSBC Money Market on a short-term and safe basis for any surplus monies.

RESERVES POLICY

The Reserves Policy was approved by the Finance and Audit Sub-committee on 7 October 2003 and was included in last year's Annual Report. It referred specifically to:

- **The Need for Reserves** – to fund future service developments and to provide a contingency to cover unplanned expenditure or shortfalls of income.
- **The Level of Reserves** – as required to deliver the objectives of the Business Plan in terms of risks and the costs of new developments.
- **Monitoring and Review Process** – to be reviewed annually in conjunction with the preparation of the Business Plan and monitored by the Finance and Audit Sub-committee.
- **Review of Reserve's Policy** – to be done as circumstances change and resources become available.

Despite having a comprehensive and coherent Reserves Policy the cash flow restraints to date have rendered it impossible for the Trust to grow any reserves to meet the objectives as outlined in the Policy.

THIRD PARTY INDEMNITY PROVISION FOR TRUSTEES

Qualifying third party indemnity provision is in place for the benefit of all Trustees of the charitable Company.

AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

COVENTRY SPORTS TRUST LIMITED

TRUSTEES' REPORT (continued)

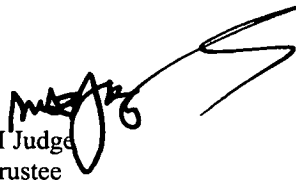
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

SMALL COMPANIES EXEMPTION

This report has been prepared in accordance with the provisions applicable to companies entitled to the small company's exemption.

On behalf of the board of Trustees



M Judge
Trustee

15 July 2014

COVENTRY SPORTS TRUST LIMITED

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The trustees (who are also directors of Coventry Sports Trust Limited 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 (United Kingdom Generally Accepted Accounting Practice).

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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;
- 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 that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COVENTRY SPORTS TRUST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COVENTRY SPORTS TRUST LIMITED

We have audited the group and parent charity financial statements of Coventry Sports Trust Limited ("the financial statements") for the year ended 31 March 2014 on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Statement of Trustees' responsibilities set out on page 7 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 auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://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 group's and the parent charitable company's affairs as at 31 March 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011.

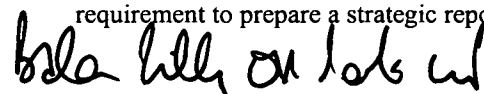
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent 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 parent 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; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Trustees' report.


PAUL OXTOBY (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants

St Philips Point
Temple Row
Birmingham
B2 5AF

Date 15 July 2014

COVENTRY SPORTS TRUST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2014

	Note	Unrestricted Total 2014 £	Unrestricted Total 2013 £
Incoming resources			
Incoming resources from generated funds:			
- Activities for generating funds	3	66,953	63,552
Incoming resources from charitable activities	2	3,760,880	4,006,028
		-----	-----
Total incoming resources		3,827,833	4,069,580
		-----	-----
Resources expended			
Cost of generating funds:			
Fund raising trading		32,134	35,660
		-----	-----
Charitable activities	4	3,884,524	4,159,866
Governance costs	4	60,087	56,880
		-----	-----
		3,944,611	4,216,746
		-----	-----
Total resources expended		3,976,745	4,252,406
		-----	-----
Net outgoing resources before other recognised gains and losses being net expenditure for the year			
Actuarial gain/(loss) on defined benefit pension scheme	1	(148,912)	(182,826)
	14	366,000	(633,000)
		-----	-----
Net movement in funds		217,088	(815,826)
Total funds at 1 April		(3,117,869)	(2,302,043)
		-----	-----
Total funds at 31 March		(2,900,781)	(3,117,869)
		=====	=====
The net outgoing resources dealt with in the financial statements of the parent undertaking were:			
		(149,185)	(183,158)
		=====	=====

The incoming resources and resources expended for the year arise from the group's continuing operations.

All gains and losses recognised in the year are included above. The deficit for the year (for Companies Act purposes) comprising the net movement of funds for the year excluding the actuarial gain on defined benefit scheme was £148,912 (2013: deficit £182,826).

Gross incoming resources of the parent charity for the year ended 31 March 2014 were £3,787,026 (2013: £4,024,699).

COVENTRY SPORTS TRUST LIMITED

CONSOLIDATED AND CHARITY BALANCE SHEETS

31 March 2014

Company Registration No. 03738779

	Note	Group		Charity	
		2014 £	2013 £	2014 £	2013 £
Fixed assets					
Tangible fixed assets	6	198,687	317,521	198,687	317,521
Investments	7	-	-	2	2
		<u>198,687</u>	<u>317,521</u>	<u>198,689</u>	<u>317,523</u>
Current assets					
Stocks	8	7,261	9,275	-	-
Debtors	9	143,371	232,916	142,864	248,016
Cash at bank and in hand		170,774	178,657	167,213	157,556
		<u>321,406</u>	<u>420,848</u>	<u>310,077</u>	<u>405,572</u>
Creditors: amounts falling due within one year	10	(1,241,484)	(1,273,604)	(1,238,906)	(1,266,806)
Net current liabilities		<u>(920,078)</u>	<u>(852,756)</u>	<u>(928,829)</u>	<u>(861,234)</u>
Total assets less current liabilities		<u>(721,391)</u>	<u>(535,235)</u>	<u>(730,140)</u>	<u>(543,711)</u>
Creditors: amounts falling due after more than one year	11	(50,390)	(127,634)	(50,390)	(127,634)
Net liabilities excluding pension scheme liability		<u>(771,781)</u>	<u>(662,869)</u>	<u>(780,530)</u>	<u>(671,345)</u>
Defined benefit pension scheme liability	14	(2,129,000)	(2,455,000)	(2,129,000)	(2,455,000)
Net liabilities including pension scheme liability		<u>(2,900,781)</u>	<u>(3,117,869)</u>	<u>(2,909,530)</u>	<u>(3,126,345)</u>
Represented by:					
Unrestricted funds:					
- General unrestricted fund		(780,530)	(671,345)	(780,530)	(671,345)
- Pension reserve		(2,129,000)	(2,455,000)	(2,129,000)	(2,455,000)
- Other non-charitable funds		8,749	8,476	-	-
Total deficiency in funds		<u>(2,900,781)</u>	<u>(3,117,869)</u>	<u>(2,909,530)</u>	<u>(3,126,345)</u>

The financial statements on pages 9 to 27 were approved by the board of Trustees and authorised for issue on 15 July 2014 and are signed on its behalf by:

M JUDGE
Trustee

COVENTRY SPORTS TRUST LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2014

	Note	2014 £	2013 £
Cash inflow from operating activities	15a	171,754	126,891
Returns on investments and servicing of finance	15b	(16,612)	(25,453)
Capital expenditure and financial investment	15b	(42,946)	(6,840)
Financing	15b	(120,079)	(112,714)
		<hr/>	<hr/>
DECREASE IN CASH IN THE YEAR	15c	(7,883)	(18,116)
		<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

		2014 £	2013 £
Decrease in cash in the year		(7,883)	(18,116)
Cash outflow from decrease in lease and debt financing		120,079	112,714
		<hr/>	<hr/>
Change in net funds resulting from cash flows		112,196	94,598
New finance leases		-	(29,700)
		<hr/>	<hr/>
MOVEMENT IN NET FUNDS/(DEBT) IN THE YEAR	15c	112,196	64,898
NET (DEBT) AT 1 APRIL	15c	(69,056)	(133,954)
		<hr/>	<hr/>
NET FUNDS/(DEBT) AT 31 MARCH	15c	43,140	(69,056)
		<hr/> <hr/>	<hr/> <hr/>

COVENTRY SPORTS TRUST LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified for the statement of investments at market value and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (revised 2005), United Kingdom applicable accounting standards and the Companies Act 2006.

GROUP FINANCIAL STATEMENTS

These financial statements consolidate the results of the charitable company and its wholly owned subsidiary, CST Enterprises Limited, on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005. The investment by the charitable company in its wholly owned subsidiary is stated at cost.

GOING CONCERN

The charitable group has total funds in deficit of £2,900,781 (2013 deficit £3,117,869) (after accounting for the group's share of its pension scheme deficit) and has net current liabilities of £920,078 (2013 liabilities £852,756) at 31 March 2014.

During the year the charity has continued discussions with Coventry City Council as part of a joint working initiative to develop a new vision for public sports and leisure in the city. Coventry City Council has committed an undertaking to provide financial support to the group as part of this process.

In light of the commitment from Coventry City Council, giving an undertaking to provide financial support for the twelve months following the date of approval of these accounts, the charitable group has access to sufficient cash to continue to meet its liabilities as they fall due. On this basis the Trustees consider the charitable group to be a going concern.

INCOMING RESOURCES

Activities for generating funds

Income from the operation of catering facilities is included in incoming resources in the period in which the group becomes entitled to receipt.

Incoming resources from charitable activities:

Grants receivable

Revenue and capital grants receivable are recognised in the Statement of Financial Activities when the conditions attaching to the grant are satisfied. Grants receivable for capital expenditure are maintained in a restricted fund to which depreciation of the relevant asset is charged.

Operation of sports facilities

Income from the operation of sports centres is included in incoming resources in the period in which the group becomes entitled to receipt.

Golf fees

Income from golf fees is included in incoming resources in the period in which the group becomes entitled to receipt.

Hire of halls and pool

Income from the hire of hall and pool is included in incoming resources in the period in which the group becomes entitled to receipt.

Investment income

Interest is included when receivable by the group.

COVENTRY SPORTS TRUST LIMITED

ACCOUNTING POLICIES (continued)

RESOURCES EXPENDED

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the group to the expenditure. Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Fundraising trading represents the costs incurred by the charitable company's subsidiary undertaking – CST Enterprises Limited – in the operation of catering facilities, vending and the sales of badges and certificates.

Resources expended in connection with charitable activities are allocated to the particular activity where the cost relates directly to that activity. Where costs are attributable to more than one activity, the costs are apportioned across those activities on the basis of an estimate of their usage. Support costs are those costs incurred directly in support of expenditure on the objects of the group which are allocated against the charities activities on a basis consistent with the expense type.

Governance costs are those costs incurred in connection with administration of the group and compliance with constitutional and statutory requirements.

FUNDS

Funds held by the group are either:

- Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the group. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Improvement to short leased premises	Over life of lease
Horticultural vehicles and equipment	Over 5 years
Computer and office equipment	Over 3 - 5 years
Exercise and sports equipment	Over 4 - 5 years
Catering equipment	Over 3 years
Maintenance equipment	Over 2 years

STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

COVENTRY SPORTS TRUST LIMITED

ACCOUNTING POLICIES (continued)

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership (“finance leases”), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities in proportion to the remaining balance outstanding.

All other leases are “operating leases” and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

RETIREMENT BENEFITS

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses arising are recognised immediately in the Statement of Financial Activities.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have already vested, the cost is recognised immediately in the Statement of Financial Activities.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the lower of the asset, and any unrecognised past service cost plus the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

INVESTMENTS

Investments are stated at market value. Movements in the valuation of investments are included within gains and losses in investment assets in the Statement of Financial Activities.

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1	NET (OUTGOING) RESOURCES	2014	2013
		£	£
	Net (outgoing) resources is stated after charging/(crediting):		
	Depreciation of tangible fixed assets:		
	Owned assets	70,957	57,276
	Leased assets	90,823	95,767
	Operating lease rentals		
	- plant and machinery	9,150	9,150
	- land and buildings	-	21,940
	External auditors' remuneration		
	- in respect of audit services	16,500	16,500
	Finance charges in respect of finance leases	16,612	25,453
	Surplus on sale of tangible fixed assets	-	(10,833)
		<hr/>	<hr/>
2	INCOMING RESOURCES FROM CHARITABLE ACTIVITIES		
		2014	2013
		£	£
	Coventry City Council grant	925,486	1,297,058
	Income from operation of sports facilities:		
	Coventry Sports Centre	1,825,320	1,683,747
	Foleshill Leisure Centre	257,521	315,239
	Brandon Wood Golf Course	306,585	273,269
	Tile Hill Leisure Centre	73,425	67,988
	Moathouse Leisure Centre	372,543	368,727
		<hr/>	<hr/>
		3,760,880	4,006,028
		<hr/>	<hr/>

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

3 ACTIVITIES FOR GENERATING FUNDS AND FUNDRAISING TRADING

This represents the activities undertaken by the charitable company's trading subsidiary, including the sale of badges and certificates together with income from vending and catering.

	2014 £	2013 £
Turnover	66,953	63,552
Cost of sales	(29,379)	(33,016)
Administration expenses	(11,155)	(11,533)
Gift aid to parent undertaking	(26,146)	(18,671)
	<hr/>	<hr/>
Net profit from trading	273	332
	<hr/> <hr/>	<hr/> <hr/>

4 ANALYSIS OF TOTAL CHARITABLE EXPENDITURE

	Support costs £	Other staff costs £	Depreciation £	Overheads £	Total 2014 £	Total 2013 £
Coventry Sports Centre	173,384	1,141,957	109,954	838,958	2,264,253	2,346,960
Foleshill Leisure Centre	44,465	396,132	2,359	193,976	636,932	803,126
Brandon Wood Golf Course	45,917	218,915	32,349	167,159	464,340	442,663
Tile Hill Leisure Centre	5,928	37,786	10	27,516	71,240	72,852
Moathouse Leisure Centre	31,060	267,591	17,108	132,000	447,759	494,265
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	300,754	2,062,381	161,780	1,359,609	3,884,524	4,159,866
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The components of overheads are:

	Heat and light £	Repairs £	Irrecoverable Vat £	Other costs £	Total 2014 £	Total 2013 £
Coventry Sports Centre	303,146	101,575	97,440	336,797	838,958	881,620
Foleshill Leisure Centre	94,258	13,801	25,200	60,717	193,976	219,937
Brandon Wood Golf Course	17,884	46,036	25,200	78,039	167,159	146,554
Tile Hill Leisure Centre	-	359	3,360	23,797	27,516	28,255
Moathouse Leisure Centre	25,054	11,776	16,800	78,370	132,000	124,804
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	440,342	173,547	168,000	577,720	1,359,609	1,401,170
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4 ANALYSIS OF TOTAL CHARITABLE EXPENDITURE (continued)	2014 £	2013 £
Interest payable		
Finance leases	16,612	25,453
Net interest on pension liability	-	25,000
	<u>16,612</u>	<u>50,453</u>

The charitable company allocates support costs on a basis consistent with the use of resources based on estimated time spent on the venues activities.

	Year ended 31 March 2014			Year ended 31 March 2013		
	Sports Centre Operations £	Governance £	Total £	Sports Centre Operations £	Governance £	Total £
Management salaries	198,920	22,102	221,022	230,424	25,603	256,027
External audit	-	16,500	16,500	-	16,500	16,500
Accountancy and professional services	-	16,677	16,677	-	13,805	13,805
Legal and secretarial fees	-	4,808	4,808	-	972	972
Consultancy fees	101,834	-	101,834	91,446	-	91,446
Total	<u>300,754</u>	<u>60,087</u>	<u>360,841</u>	<u>321,870</u>	<u>56,880</u>	<u>378,750</u>

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

5 TRUSTEES AND EMPLOYEES

No remuneration is paid to any Trustee (director). Total expenses reimbursed to Trustees, representing travel costs, during the year amounted to no more than £250. Trustee indemnity insurance of £1,274 (2013: £708) was purchased during the year.

	2014	2013
	£	£
Staff costs		
Wages and salaries	1,918,210	2,015,595
Social security costs	105,990	113,438
Current service pension cost	171,212	139,746
Restructuring costs	-	203,334
Other staff costs	87,991	69,005
	<hr/>	<hr/>
	2,283,403	2,541,118
	<hr/> <hr/>	<hr/> <hr/>

	Number	Number
Average number of persons employed, including executive directors:		
Corporate services		
Managers	4	4
Administrators	2	2
Finance	3	3
Human Resources	-	-
Property	4	4
Coventry Sports Centre	71	81
Foleshill Leisure Centre and School sites	30	39
Brandon Wood Golf Course	8	8
Moathouse Leisure Centre	19	19
	<hr/>	<hr/>
	141	160
	<hr/> <hr/>	<hr/> <hr/>

These employees carry out a variety of duties including direct charitable, fundraising and governance tasks.

No employees earned in excess of £60,000 during the year (2013: None).

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

6 TANGIBLE FIXED ASSETS

GROUP AND CHARITY	Improvements to short leased premises £	Exercise and sports equipment £	Horticultural vehicles and equipment £	Fixtures and other equipment £	Total £
Cost:					
1 April 2013	125,035	896,107	294,955	595,422	1,911,519
Additions	19,706	4,173	-	19,067	42,946
31 March 2014	144,741	900,280	294,955	614,489	1,954,465
Depreciation:					
1 April 2013	64,529	857,322	257,779	414,368	1,593,998
Charge for year	27,670	25,141	19,565	89,404	161,780
31 March 2014	92,199	882,463	277,344	503,772	1,755,778
Net book amount:					
31 March 2014	52,542	17,817	17,611	110,717	198,687
31 March 2013	60,506	38,785	37,176	181,054	317,521

The net book amount of fixed assets includes £71,097 (2013: £161,920) in respect of assets held under finance leases.

7 INVESTMENT IN SUBSIDIARY UNDERTAKING

At 31 March 2014 and 31 March 2013, the charitable company owned all of the ordinary share capital consisting of two ordinary shares in CST Enterprises Limited, a company registered in England, which sells badges and certificates and carries out catering and vending activities at the charitable company's premises. The trading results are set out in note 3. At 31 March 2014, the aggregate amount of the company's assets, liabilities, share capital and reserves was:

	2014 £	2013 £
Current assets	20,198	33,449
Creditors: amounts falling due within one year	(11,447)	(24,971)
Net assets	8,751	8,478
Represented by share capital plus surplus on reserves	8,751	8,478

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

10 CREDITORS: amounts falling due within one year (continued)

DEFERRED INCOME	£
At 1 April 2013	155,012
Released to SOFA	(155,012)
Income deferred during the year	208,805
	<hr/>
At 31 March 2014	208,805
	<hr/> <hr/>

Deferred income represents membership subscriptions received in advance.

11 CREDITORS: amounts falling due after more than one year

	GROUP		CHARITY	
	2014	2013	2014	2013
	£	£	£	£
Obligation under finance leases	50,390	115,634	50,390	115,634
Loan	-	12,000	-	12,000
	<hr/>	<hr/>	<hr/>	<hr/>
	50,390	127,634	50,390	127,634
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	GROUP		CHARITY	
	2014	2013	2014	2013
	£	£	£	£
Obligations under finance leases and hire purchase contracts:				
Amounts repayable by instalments falling due:				
Within one year	65,244	96,079	65,244	96,079
Within two to five years	50,390	115,634	50,390	115,634
	<hr/>	<hr/>	<hr/>	<hr/>
	115,634	211,713	115,634	211,713
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Obligations under finance leases are secured on related assets and bear finance charges at rates ranging from 9.0% to 12.6% per annum.

	GROUP		CHARITY	
	2014	2013	2014	2013
	£	£	£	£
Carbon Trust Loan (unsecured)				
Amounts repayable by instalments falling due:				
Within one year	12,000	24,000	12,000	24,000
Within two to five years	-	12,000	-	12,000
	<hr/>	<hr/>	<hr/>	<hr/>
	12,000	36,000	12,000	36,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

12 ANALYSIS OF GROUP NET LIABILITIES BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	2014 Total £
Tangible fixed assets	198,687	-	198,687
Stocks	7,261	-	7,261
Debtors	143,371	-	143,371
Cash at bank and in hand	170,774	-	170,774
Creditors due within one year	(1,241,484)	-	(1,241,484)
Creditors due after more than one year	(50,390)	-	(50,390)
Defined benefit pension scheme liability	(2,129,000)	-	(2,129,000)
	<hr/>	<hr/>	<hr/>
Net liabilities	(2,900,781)	-	(2,900,781)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13 COMMITMENTS UNDER OPERATING LEASES

	2014 £	2013 £
At 31 March 2014, the group had annual commitments under non-cancellable operating leases as follows:		
Plant and machinery:		
Expiring between two and five years	9,150	9,150
	<hr/>	<hr/>
	9,150	9,150
	<hr/> <hr/>	<hr/> <hr/>

14 PENSION COSTS

Defined benefit scheme

The Trust participates in a pension scheme operated by West Midlands Metropolitan Authorities Pension Fund. The West Midlands Metropolitan Authorities Pension Fund is a funded scheme, with the assets held in separate trustee administered funds.

The pension contributions paid in respect of direct employees charged to the accounts was £171,212 (2013: £139,746) and was based on employer contributions of 23.0% (2013: 18.0%).

The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary.

The assumptions and other data that have the most significant effect on the valuations and other relevant data are as follows:

Last actuarial valuation	31 March 2007	
Actuarial method	Projected Unit	
	<i>Past Service</i>	<i>Future Service</i>
Rate of return on investments	5.4% -6.4%	6.5%
Rate of increase in salaries	4.85%	4.5%
Rate of price inflation	2.75%	2.75%
Rate of increase in pensions	3.1%	2.75%

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

14 PENSION COSTS (continued)

The market value of the assets at the date of the last valuation was £7,513m. These assets represent 82% of the benefits accrued to members after allowing for expected increases in earnings. The actuarial value of the assets was not sufficient to cover all of the benefits which had accrued to members after allowing for future increases in earnings.

A full actuarial valuation was carried out at 31 March 2007 and updated on 31 March 2014 by a qualified independent actuary. The major assumptions used by the actuary were:

	2014	2013
Rate of increase in salaries	4.15%	4.15%
Rate of increase of pensions in payment	2.40%	2.40%
Discount rate	4.50%	4.20%
Inflation assumption	2.40%	2.40%

The mortality assumptions used in the valuation of the pension liabilities were:

	2014	2013
Retiring today:		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years:		
Males	25.1	23.9
Females	27.8	26.7

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

The Trust's assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 March 2014	Value at 31 March 2014 £000	Long-term rate of return expected at 31 March 2013	Value at 31 March 2013 £000
Equities	7.00%	3,907	7.00%	2,617
Government Bonds	3.40%	550	2.80%	559
Other Bonds	4.30%	717	3.90%	746
Property	6.20%	603	5.70%	559
Other	0.50%	925	0.50%	1,734
		6,702		6,215
		6,702		6,215
			Year ended 31 March 2014	Year ended 31 March 2013
			£000	£000
Trust's estimated asset share			6,702	6,215
Present value of scheme liabilities			(8,831)	(8,670)
			(2,129)	(2,455)
Deficit in the scheme			(2,129)	(2,455)

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

14 PENSION COSTS (continued)

In accordance with FRS17, provision has been made by the Trust for its share of the deficit of the scheme. This is reflected in the financial statements as follows:

Analysis of the amounts charged to statement of financial activities	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Analysis of amount debited to charitable activities		
Current service cost	(177)	(141)
Curtailments	-	(23)
	<hr/>	<hr/>
Total operating charge	(177)	(164)
	<hr/>	<hr/>
Analysis of financial element of pensions cost		
Expected return on pension scheme assets	365	345
Interest on pension liabilities	(365)	(370)
	<hr/>	<hr/>
Net charge	-	(25)
	<hr/>	<hr/>
Analysis of actuarial gain/(loss) on defined benefit pension scheme		
Actual return less expected return on assets	96	337
Experience gains and (losses) on liabilities	270	(970)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in SOFA	366	(633)
	<hr/>	<hr/>
Cumulative actuarial loss	(138)	(504)
	<hr/>	<hr/>
Changes in the present value of the defined benefit obligations		
Opening defined benefit obligations	8,670	7,364
Current service cost	177	141
Interest cost	365	370
Contributions by scheme participants	47	47
Actuarial (gains)/losses	(270)	970
Benefits paid	(158)	(245)
Curtailments	-	23
	<hr/>	<hr/>
Closing defined benefit obligation	8,831	8,670
	<hr/>	<hr/>

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

14 PENSION COSTS (continued)

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Changes in the fair value of plan assets		
Opening plan assets	6,215	5,576
Expected return	365	345
Actuarial gains	96	337
Contributions by employer	137	155
Contributions by scheme participants	47	47
Benefits paid	(158)	(245)
	<hr/>	<hr/>
Closing plan assets	6,702	6,215
	<hr/> <hr/>	<hr/> <hr/>

The actual return on plan assets was £461,000 (2013: £682,000).

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000	Year ended 31 March 2011 £000	Year ended 31 March 2010 £000
Defined benefit obligation	(8,831)	(8,670)	(7,364)	(6,799)	(8,675)
Plan assets	6,702	6,215	5,576	5,398	5,580
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	(2,129)	(2,455)	(1,788)	(1,401)	(3,095)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Experience adjustments on plan liabilities	318	-	-	1,609	-
Experience adjustments on plan assets	96	337	(221)	(454)	1,045
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The group expects to contribute £185,000 (2013: £135,000) to its defined benefit pension plans in the year ended 31 March 2015.

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

15 CASH FLOWS

a Reconciliation of net outgoing resources to net cash inflow from operating activities

	2014 £	2013 £
Net outgoing resources	(148,912)	(182,826)
Finance charges in respect of finance leases and loans	16,612	25,453
Depreciation	161,780	153,043
Surplus on sale of tangible fixed assets	-	(10,833)
Decrease in stocks	2,014	3,259
Decrease/(increase) in debtors	89,545	(16,901)
Increase in creditors	10,715	121,696
Current service costs and curtailments	177,000	164,000
Employer's contribution	(137,000)	(155,000)
Net interest cost on pension assets	-	25,000
	<hr/>	<hr/>
Net cash inflow from operating activities	171,754	126,891
	<hr/> <hr/>	<hr/> <hr/>

b Analysis of cash flows for headings netted in the cash flow statement

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest paid	(16,612)	(25,453)
	<hr/>	<hr/>
	(16,612)	(25,453)
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(42,946)	(17,673)
Proceeds on sale of tangible fixed assets	-	10,833
	<hr/>	<hr/>
	(42,946)	(6,840)
	<hr/> <hr/>	<hr/> <hr/>
Financing		
Capital element of finance lease rental payments	(96,079)	(88,714)
Repayments of loan	(24,000)	(24,000)
	<hr/>	<hr/>
	(120,079)	(112,714)
	<hr/> <hr/>	<hr/> <hr/>

COVENTRY SPORTS TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

15 CASH FLOWS (continued)

c Analysis of net funds/(debt)

	At 1 April 2013 £	Cash flow £	Other non-cash changes £	At 31 March 2014 £
Cash in hand, at bank	178,657	(7,883)	-	170,774
Debt due within one year	(24,000)	24,000	(12,000)	(12,000)
Debt due after one year	(12,000)	-	12,000	-
Finance leases	(211,713)	96,079	-	(115,634)
Total	(69,056)	112,196	-	43,140

16 RELATED PARTY TRANSACTIONS

The charitable company has taken advantage of the exemptions contained within Financial Reporting Standard No. 8 not to disclose intra-group transactions on the basis that the subsidiary is 100% owned and the consolidated accounts are publicly available.