

TRANSITION EXTREME SPORTS LIMITED
(LIMITED BY GUARANTEE)
REGISTERED COMPANY NO: SC280405
REGISTERED CHARITY NO: SC036358

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017



TRANSITION EXTREME SPORTS LIMITED

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TRANSITION EXTREME SPORTS LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	T Smith (Chairman) G M P Paterson (Executive Director & CEO) D Briggs K Marshall (Resigned 8 May 2017) D McEwing J Morrison (Resigned 5 May 2017)
Secretary	Pinsent Masons LLP
Charity number	SC036358
Company number	SC280405
Principal address	Links Road Queens Links Aberdeen AB24 5NN
Registered office	13 Queens Road Aberdeen AB15 4YL
Auditors	Hall Morrice LLP 6 & 7 Queens Terrace Aberdeen AB10 1XL
Bankers	Bank of Scotland 3-5 Albyn Place Aberdeen AB10 1PY
Solicitors	Pinsent Masons LLP 13 Queens Road Aberdeen AB15 4YL

TRANSITION EXTREME SPORTS LIMITED

DIRECTORS' REPORT **YEAR ENDED 31 MARCH 2017**

The directors present their report and audited financial statements for the year ended 31 March 2017.

Legal and administrative information set out on page 1 forms part of this report. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006, The Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in 2015.

Objectives and activities

The Charity's objectives are described in detail in the Memorandum of Association but can be summarised as follows:

- To provide facilities for recreation and leisure activities with a view to improving conditions of life;
- To promote and protect physical health and active lifestyles;
- To assist young people in Aberdeen and its environs, through leisure, educational and skills development activities to achieve their full potential in society;
- To provide employment opportunities; and
- To assist young people to make the "transition" from childhood to adulthood, avoiding the many pitfalls associated with alcohol, substance abuse and crime.

Achievements and performance

The main challenge in the period was a significant drop-off in external funding for youth intervention programmes and related charitable activity. Trading elements performed well, with increased income reported for both the Skatepark and Climbing Centre against prior year. This was despite significant regional job losses and a reduction in local populace which had a wide impact in sport & leisure spending across the Region. This reflects positively on Transition Extreme's reputation and status as the Regional Hub for adventure sports, with three of our disciplines now being recognised as Olympic Sports for 2020. It also supports our analysis that demand for adventure activities in a period of growth, with activities (sporting and tourism-related) becoming more aspirational for broader audiences beyond the 'enthusiast' segment of the market, which is in itself still strong. The Board is satisfied that the capital investment made in the skatepark 2 years ago is providing the expected return, and the TX skatepark is now rated as one of the Top 20 Indoor Skateparks in the UK (Sidewalk UK Magazine).

Climbing demand & development continues, with Transition Extreme achieving Regional Hub status from The National Governing Body, Mountaineering Scotland. A partnership with Climb Scotland has increased youth climbing promotion and participation at our facilities and boosted demand for lessons and coached sessions. Transition Extreme now hosts and sponsors 4 members of junior Team GB, showing progression within the performance development element of our work. The addition of a dedicated 'Training Zone' within the climbing centre is scheduled for 2017, and will again enhance the offer to climbers as well as support ongoing criteria for an enhanced Regional Hub status. We launched a 'TX Youth Climbing Squad' to further boost performance development.

Whilst the extent of our youth & community programmes reduced in the period as a consequence of an expected temporary drop in funding, we continued to make a significant impact on young people through continuation of our Youth Club, Extreme Summer outreach programmes, Community Activity Fund and Alternative Academies.

TRANSITION EXTREME SPORTS LIMITED

DIRECTORS' REPORT (CONTINUED) **YEAR ENDED 31 MARCH 2017**

Youth Club

The youth club has been extremely successful with up to 20 young people attending per evening. To maintain dynamic, quality sessions additional youth workers were deployed using our person centred approach to youth work in sport. The sessions take place on a Friday evening 4:30pm – 6:30pm during which the young people take part in one hour indoor games and activities followed by one hour of sports in either skatepark or climbing. The timing of the Club's activities is in response to a request from Police and other agencies for diversionary activities during peak periods for anti-social behaviour.

Youth work sessions included in the first hour sessions focusing on positive relationships, firework safety, substance misuse, situation scenarios, confidence building, health & wellbeing and good citizenship.

Five young people gained their level 2 NICAS in climbing. The youth club took part in Celebrate Aberdeen where they came up the event of 'Teach the Teachers'. This was a very successful event where the young people invite one of their teachers and taught them what they had been learning in their chosen sports. This was an opportunity for the young people to show off their leadership skills and take ownership over event planning.

Case Study

'Hi, my name is E. I found out about the youth club at school. I've always wanted to try BMXing. I've been here for a year. I like coming because of the staff and I got to meet new people. I've made new friends. My favourite memory is managing to do one of the high ramps. Talking about schools and learning about sexual health, the discussions and everyone was contributing. Personally I have gained new skills, BMXing, rock climbing, new friends. I am more able to trust others and share personal stuff. It's made me have a wider perspective in life. I take risks but I know how to be safe now. I feel more mature. If I didn't have this to come to I would lose touch with my friends and I would not be able to practice my BMXing skills and gain new skills / knowledge.'

Torry & Bucksburn Extreme Summer Projects

Transition Extreme Summer provided 6 weeks of skatepark sessions in Torry skatepark delivering BMXing and Skateboard sessions. All equipment necessary was also provided free of charge. The sessions took place during the school summer holidays Mondays 6pm – 8pm.

In total we had 16 individual young people sign up. Due to several rained off sessions and weather conditions it affected the number of participants. Staff took to delivering skateboard and BMX maintenance so that the participants could learn how to fix and maintain their own equipment.

Off the back of the success from the previous 'Extreme Summer' in 2015, Bucksburn Community got in touch as they were interested in doing something similar directly with Transition Extreme.

Bucksburn do not have a skatepark in their community, and instead sessions were held in the Academy grounds. Transition Extreme built portable ramps and rails for the Summer Programme.

The project was a great success with 43 individual young people signing up and an average of 15 attending each session.

The sessions ran on Wednesday from 4pm – 6pm during the school summer holidays. No sessions were called off due to the rain. Transition Extreme participated in the Bucksburn Gala at the end of summer in the local community centre car park. This was a great way to increase positive community engagement and introduce young people to new opportunities.

TRANSITION EXTREME SPORTS LIMITED

DIRECTORS' REPORT (CONTINUED) **YEAR ENDED 31 MARCH 2017**

Quotes

'I have really enjoyed my time and I feel as though I have learned new skills. I have made new friends, and I have gained a new hobby'

'I really enjoy in-lining and have improved so much. I also like to do BMXing and Skateboarding. The staff are really helpful and good at pushing you to try something new.'

Northfield & Hazlehead Support Academies

During the school term from April – June we operated an intervention programme supporting those at risk of disengaging from education with 2 schools, who identified 12 young people from each school. This combined sports activities with workshop-style sessions focused on skills identification and development. Workshop topics included: employability skills, drugs and alcohol awareness, positive and negative relationships, social media literacy and safety, leadership development, teamwork, negative behaviour and assertiveness development along with other topical issues which young people face.

During the sports sessions the young people would set their own personal goals in what they wanted to achieve within their sports. Our experienced instructors would work with them closely and encourage them to get the best from their experience. The young people learnt new skills and tricks and had 6 young people gain their NICAS level 1 in climbing.

Quotes

'I loved climbing, it is very fun. I found that when I did climbing I managed it even though I never thought I could of done it.'

'It was a good experience, wish I could do it again. Learnt a lot of cool stuff.'

'I would come back again and do this course. Had a lot of fun and my confidence has grown.'

Community Activity Fund

Funded through a generous donation from Nexen, we continued to provide free coaching and activity sessions available to young people with additional support needs as part of our efforts to support development through sport. Significant benefits to participants have been reported, with hundreds of sessions delivering improved physical and mental health, reducing exclusion to sport and improving confidence, mood, social skills and resilience in participants.

Sports Policy Development

Transition Extreme was active in helping develop national policy & practice in the Youth Work in Sport and Sport for Change fields. The Rank Foundation & Robertson Trust funded our 5 year participation in a Youth Work in Sport programme, which significantly enhanced our practice, knowledge and impact as an organisation and within the community. The final evaluation report was published by the Robertson Trust in December 2016. <https://www.therobertsontrust.org.uk/innovation-and-learning/publications/youth-work-in-sport-evaluation>.

Equally our involvement in Sport for Change during the period continued to demonstrate how we use sport and physical activity to intentionally bring about positive social benefits for individuals and communities, to address specific need. This is a strategic approach being further developed by the Scottish Government in partnership with Sport Scotland and the Robertson Trust. Our programmes and intervention work is formally recognised by Aberdeen City Council, who reference us as a partner in their Local Outcome Improvement Plan 2016-2026.

TRANSITION EXTREME SPORTS LIMITED

DIRECTORS' REPORT (CONTINUED) **YEAR ENDED 31 MARCH 2017**

Transition Extreme joined the Board of the newly established forum, Aberdeen Sports Partnership in the period, with a remit to develop sports strategy for the City.

In September 2016 we were delighted to host a visit to our Centre by HRH Prince Harry which was organised in conjunction with partners' Sported and Streetsport. HRH's recognition of the importance of our work across health & wellbeing, inclusion, educational support, employability and community diversionary activities was very welcome indeed and a reflection of the hard work and dedication of our staff. HRH engaged with young people from both our Alternative Academy Programmes and primary school, Walker Road. Afterwards HRH kindly joined a discussion about the importance of sport with civic and business leaders, where he spoke about the impact Transition Extreme makes and how vital it was to support its ongoing work.

The Board recognises that there are challenges ahead for the charity and will look to continue to work with its key stakeholders such as Aberdeen City Council to manage the challenges and risks accordingly and attract investment that will build a sustainable organisation. The Board is pleased to be forecasting a surplus for the year ahead and has spent considerable time and effort in developing a new forward strategy for the organisation, with the aim of maintaining and enhancing our health & safety first approach, improving trading performance, widening the appeal to broader markets, and seeking fresh investment into facilities, products and marketing. Equally importantly, the Board seeks to further develop the impact Transition Extreme makes to the lives of thousands of people through its Youth Work in Sport and Sport for Change programmes and methodologies. The Board would also like to record its thanks to all of its staff, volunteers, funders and partners for their hard work and contribution.

Financial review

The net loss for the year amounted to £183,036 (2016 surplus £88,060). This has been dealt with as shown in the Statement of Financial Activities. The loss recorded was less than forecasted for what was fully expected to be a difficult financial year. The economic conditions in the Aberdeen market, the reduction in CSR budgets across the private sector as well as increased competition for available trust and foundation grant funding proved to be very challenging. As a result, total income for the organisation reduced from £1,108,345 in 2016 to £758,554 in 2017. Total revenue across the main activity areas remained buoyant however, increasing from £671,605 to £689,199. The greatest impact came from Grant and Fundraising income which fell from £436,740 to £69,355. An operating loss before depreciation for the year was therefore recorded at a value of £67,408.

The business rationalised its costs as a result of the expected downward turn in external funds secured. Careful cost management has continued into the next financial year despite very positive inward investment from the public and private sectors amounting to a total of £300,000. The business intends to invest the majority of these funds in social programmes and capital projects which will provide a positive return on investment. It should also be noted that the business continued to de-leverage its debt liabilities significantly during the period.

Reserves policy

The directors recognise there is a level of risk involved in operating a charitable enterprise such as Transition Extreme Sports Limited and the Board has agreed to seek to attain around 3 months fixed costs in reserves to enable the charity to sustain its charitable activities. The directors recognise that this will take some time to achieve.

Reserves, as defined by the Charities SORP, are that part of the income of a charity that is freely available excluding restricted funds and funds which can only be realised by disposing of fixed assets held for charity use.

TRANSITION EXTREME SPORTS LIMITED

DIRECTORS' REPORT (CONTINUED) **YEAR ENDED 31 MARCH 2017**

Plans for the future

The organisation will continue to evolve its strategy and business plan, taking into consideration the current & changing economic and social environments in which it operates. In today's challenging financial environment the Board recognises that the charity will have to work innovatively and intelligently to not only protect what has been developed thus far but be able to build on its positive social & economic impact to date. The Board is committed to working alongside the charity's key stakeholders to achieve this.

Structure, governance and management

Transition Extreme Sports Limited is a company limited by guarantee (company number SC280405) and a registered Scottish Charity (charity number: SC036358). The charitable company is governed by its Memorandum and Articles of Association.

The directors who served during the year are listed on page 1. The powers of appointment and removal of directors are set out in the company's Memorandum and Articles of Association.

It is the charity's policy to seek to appoint directors who have a specific interest in its objects or whose skills can complement those already in place. Newly appointed directors are introduced to the workings of the Board through their first meetings and an induction pack of information.

The position of Chairman is elected by the Board.

Each new director is selected based on their particular skills set and area of expertise. Each director receives an induction pack covering all aspects of the Charity's activities and including a General Presentation, Memorandum and Articles of Association, Business Strategy and Plan, Financial Authority Matrix, Corporate Risk Register and Register of Directors.

Particular time is taken to explain the financial affairs of the Charity and to ensure each director fully understands the contents of the periodic management accounts. In addition the Chairman periodically reviews the satisfactory performance of the board and each director to ensure they are comfortable in their role and in possession of sufficient information to effectively carry out their role.

The board of directors meet approximately every eight weeks and administer the charity. The Chief Executive Officer (Grahame Paterson) manages the day to day operations of the charity.

Risk management

The directors have assessed the major risks to which the company is exposed, in particular those related to the operations and finance of the company and are satisfied that systems are in place to manage the exposure to major risks. A detailed Strategic Risk Matrix is reviewed periodically at Board meetings and any amendments or actions agreed.

TRANSITION EXTREME SPORTS LIMITED

DIRECTORS' REPORT (CONTINUED) **YEAR ENDED 31 MARCH 2017**

Statement of director's responsibilities

The directors, who also act as trustees for the charitable activities of Transition Extreme Sports Limited, are responsible for preparing the Directors' 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 directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The directors are responsible for keeping adequate 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

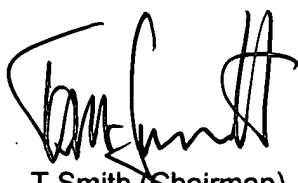
Disclosure of information to auditors

The directors have confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing that Hall Morrice LLP be reappointed as auditors of the company will be put to the members.

On behalf of the board of directors



T Smith (Chairman)

Director

7 November 2017

TRANSITION EXTREME SPORTS LIMITED

INDEPENDENT AUDITOR'S REPORT **TO THE MEMBERS OF TRANSITION EXTREME SPORTS LIMITED**

We have audited the financial statements of Transition Extreme Sports Limited for the year ended 31 March 2017 set out on pages 10 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's members, as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in Directors report the directors (who are also the charity trustees of the charitable company for the purpose of charity 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 as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

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 its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

TRANSITION EXTREME SPORTS LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TRANSITION EXTREME SPORTS LIMITED
(CONTINUED)

Matters on which we are required to report by exception

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

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

Shonagh L Fraser MA CA
Senior Statutory Auditor
For and on behalf of Hall Morrice LLP
Statutory Auditor
Aberdeen
7 November 2017

TRANSITION EXTREME SPORTS LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Income and endowments from:					
Donations and grants	2	13,931	55,424	69,355	436,740
Income from charitable activities	3	<u>689,199</u>	<u>-</u>	<u>689,199</u>	<u>671,605</u>
Total		<u>703,130</u>	<u>55,424</u>	<u>758,554</u>	<u>1,108,345</u>
Expenditure on:					
Charitable activities	4	<u>836,763</u>	<u>104,827</u>	<u>941,590</u>	<u>1,020,285</u>
Total		<u>836,763</u>	<u>104,287</u>	<u>941,590</u>	<u>1,020,285</u>
Net income/(expenditure)		(133,633)	(49,403)	(183,036)	88,060
Transfers between funds		<u>(2,400)</u>	<u>2,400</u>	<u>-</u>	<u>-</u>
Net movement in funds		(136,033)	(47,003)	(183,036)	88,060
Reconciliation of funds:					
Total funds brought forward		<u>473,598</u>	<u>1,625,366</u>	<u>2,098,964</u>	<u>2,010,904</u>
Total funds carried forward		<u>337,565</u>	<u>1,578,363</u>	<u>1,915,928</u>	<u>2,098,964</u>
		=====	=====	=====	=====

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

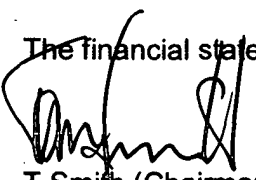
TRANSITION EXTREME SPORTS LIMITED

BALANCE SHEET
AS AT 31 MARCH 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	8		2,385,251		2,500,864
Investments	9		<u>1</u>		<u>1</u>
			2,385,252		2,500,865
Current assets					
Stocks		500		500	
Debtors	10	52,532		21,819	
Cash at bank and in hand		<u>440</u>		<u>440</u>	
		53,472		22,759	
Creditors: amounts falling due within one year	11	(522,796)		(173,429)	
Net current liabilities			(469,324)		(150,670)
Total assets less current liabilities			1,915,928		2,350,195
Creditors: amounts falling due after more than one year	12		-		(251,231)
Net assets			1,915,928		2,098,964
			=====		=====
Reserves					
Restricted funds	15		1,578,363		1,625,366
Unrestricted funds			<u>337,565</u>		<u>473,598</u>
			1,915,928		2,098,964
			=====		=====

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The financial statements were authorised for issue and approved by the Board on 7 November 2017.


T Smith (Chairman)
Director

Company Registration No. SC280405

TRANSITION EXTREME SPORTS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
Cash used in operating activities (Note 18)	<u>(82,710)</u>	<u>149,705</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(15)	(34,545)
Cash flows from financing activities		
Repayment of bank loan	<u>(36,649)</u>	<u>(64,782)</u>
Net (decrease)/increase in cash and cash equivalents	(119,374)	50,378
Cash and cash equivalents at beginning of year	<u>(28,129)</u>	<u>(78,507)</u>
Cash and cash equivalents at end of the year	(147,503) =====	(28,129) =====

TRANSITION EXTREME SPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2017**

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to the accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

These financial statements for the year ended 31 March 2017 are the first financial statements of Transition Extreme Sports Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The Charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The Charity has adequate resources and is well placed to manage future risks. The Charity's planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Trustees believe that there are no material uncertainties that call into doubt the Charity's ability to continue. The financial statements have therefore been prepared on the basis that the Charity is a going concern.

1.2 Incoming resources

Voluntary income is included in the Statement of financial activities in the year in which it is receivable.

The element of corporate sponsors attributable to advertising and meeting room hire is time apportioned over the period of the sponsorship and the element relating to a future period is credited to deferred income.

The element of corporate sponsorship attributable to a donation towards the construction of the sports centre is recognised when the charity is entitled to receive it.

Income from grants, including capital grants, is included in incoming resources when it is receivable except where the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that income is to be expended in a future period. In these circumstances income is deferred until those periods.

TRANSITION EXTREME SPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2017**

1.3 Resources expended

Liabilities are recognised when the charity has an obligation to make a payment to a third party.

Resources expended are included in the Statement of financial activities on an accruals basis, inclusive of any irrecoverable VAT.

Expenditure is directly attributed to the relevant category in the Statement of financial activities where practical.

Charitable activities include expenditure associated with the company's work in building and operating an all year round indoor facility and includes both the direct and support costs relating to this activity.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Fixed assets costing £250 or more are capitalised at cost. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	50 years/10 years
Office equipment	4 years
Fixtures and fittings	4 years

1.5 Investments

Investments are stated at cost.

1.6 Stock

Stock is valued at the lower of cost and net realisable value on a first in, first out basis.

1.7 Pensions

The charity operates a defined contribution scheme. Contributions are charged to the Statement of financial activities as they become payable.

1.8 Accumulated funds

Unrestricted funds include incoming resources receivable or generated for the objects of the charity without future specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects and at the discretion of the Directors.

1.9 Taxation

The company is recognised by HM Revenue & Customs as a charity and, as a consequence of the tax reliefs available in relation to the current year, income is not liable to taxation.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

1.11 Creditors

Creditors 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. Creditors are normally recognised at their settlement amount.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

TRANSITION EXTREME SPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

2 Donations and grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Donations and gifts	13,931	-	13,931	268,883
Grants receivable for core activities	<u>-</u>	<u>55,424</u>	<u>55,424</u>	<u>167,857</u>
	13,931	55,424	69,355	436,740
	=====	=====	=====	=====
Donations and grants				
Unrestricted funds:				
Aberdeen City Council			-	200,000
Other donations (including gift aid)			13,931	28,931
Fundraising events			<u>-</u>	<u>39,952</u>
			13,931	268,883
			=====	=====
Grants receivable for core activities				
Restricted funds:				
Grants			55,424	167,857
			=====	=====

3 Income from charitable activities

	2017 £	2016 £
Operation of recreation facilities	689,199	671,605
	=====	=====

In 2017 and 2016 all income from charitable activities was attributable to unrestricted funds.

TRANSITION EXTREME SPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

4 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs				
Wages	256,619	13,311	269,930	294,961
Maintenance and equipment	16,531	5,460	21,991	35,037
Food and consumables	43,822	450	44,272	47,045
Transportation costs	-	330	330	1,769
Marketing	11,204	-	11,204	24,231
Training	-	-	-	3,000
General	-	5,167	5,167	4,938
External fees	-	225	225	31,733
Support costs				
Staff costs	270,320	24,112	294,432	288,588
Premises costs	75,381	-	75,381	88,975
Equipment hire and maintenance	26,885	-	26,885	27,514
Advertising and marketing	9,735	-	9,735	9,617
Staff training	3,945	-	3,945	11,141
Motor, travel, accommodation and subsistence	4,702	-	4,702	4,218
General expenses	4,737	-	4,737	2,084
Legal and professional	22,888	-	22,888	14,898
Bank and loan interest and charges	22,863	-	22,863	15,175
Depreciation	59,856	55,772	115,628	110,360
Governance costs	<u>7,275</u>	<u>-</u>	<u>7,275</u>	<u>5,001</u>
	836,763	104,827	941,590	1,020,285
	=====	=====	=====	=====

Governance costs includes payments to the auditors of £7,275 (2016: £5,001) for audit fees.

In 2016 £243,508 was attributable to Restricted funds and £776,777 to Unrestricted funds.

5 Directors

	2017 £	2016 £
Emoluments (including pension contributions and benefits in kind)	71,800	69,853
	=====	=====

This remuneration was paid to secure the services of one of the directors GMP Paterson as full time CEO. This remuneration is paid under the company's Articles of Association.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2016: 0).

6 Trustees expense

No trustees were paid any expenses during the year.

TRANSITION EXTREME SPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

7 Employees

Number of employees

The average monthly number of employees during the year was:

	2017 Number	2016 Number
Management	4	4
Operations	50	48
Administration	<u>6</u>	<u>8</u>
	60	60
	=====	=====

Employment costs

	2017 £	2016 £
Wages and salaries	538,808	559,233
Social security costs	18,613	19,976
Other pension costs	<u>6,941</u>	<u>4,340</u>
	564,362	583,549
	=====	=====

The number of employees whose annual remuneration was £60,000 or more were:

	2017 Number	2016 Number
£60,000 - £70,000	-	1
£70,000 - £80,000	<u>1</u>	<u>-</u>
	=====	=====

8 Tangible fixed assets

	Land and buildings £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2016	3,088,453	54,033	66,023	22,502	3,231,011
Additions	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>
At 31 March 2017	<u>3,088,453</u>	<u>54,048</u>	<u>66,023</u>	<u>22,502</u>	<u>3,231,026</u>
Depreciation					
At 1 April 2016	623,248	50,706	55,818	375	730,147
Charge for the year	<u>103,945</u>	<u>2,570</u>	<u>4,613</u>	<u>4,500</u>	<u>115,628</u>
At 31 March 2017	<u>727,193</u>	<u>53,276</u>	<u>60,431</u>	<u>4,875</u>	<u>845,775</u>
Net book value					
At 31 March 2017	2,361,260	772	5,592	17,627	2,385,251
	=====	=====	=====	=====	=====
At 31 March 2016	2,465,205	3,327	10,205	22,127	2,500,864
	=====	=====	=====	=====	=====

TRANSITION EXTREME SPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

9	Fixed asset investments	Investment in subsidiary company £
	Cost at 1 April 2016 and at 31 March 2017	1 =====

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or Incorporation	Shares held Class	%
Subsidiary undertakings			
TX Enterprises Limited	Scotland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for
The last relevant financial year were as follows:

	Principle Activities	Capital reserves £	Profit/(loss) for the year £
TX Enterprises Limited	Dormant	1 =====	- =====

10	Debtors	2017 £	2016 £
	Trade debtors	24,355	9,647
	Other debtors	5,190	2,900
	Prepayments and accrued income	<u>22,987</u>	<u>9,272</u>
		52,532 =====	21,819 =====

In 2017 and 2016 all Debtors relate to Unrestricted funds.

11	Creditors: amounts falling due within one year	2017 £	2016 £
	Bank loans	12,558	35,191
	Bank overdrafts	147,943	28,569
	Trade creditors	33,599	28,345
	Taxes and social security costs	46,264	42,715
	Other creditors	-	2,794
	Accruals	21,333	22,939
	Deferred income	23,884	12,876
	Other loans (Note 12)	<u>237,215</u>	-
		522,796 =====	173,429 =====

Deferred income relates to income received from the operation of recreation facilities.
In 2017 and 2016 all Creditors relate to Unrestricted funds.

TRANSITION EXTREME SPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

12	Creditors: amounts falling due after more than one year	2017	2016
		£	£
	Bank loans	-	14,016
	Other loans	-	237,215
		-	251,231
		=====	=====
	Analysis of loans		
	Not wholly repayable within five years by instalments:		
	Wholly repayable within five years	249,773	286,422
	Included in current liabilities	(249,773)	(35,191)
		-	251,231
		=====	=====
	Loan maturity analysis		
	Debt due in one year or less	249,773	64,843
	In more than one year but not more than two years	-	53,552
	In more than two years but not more than five years	-	118,607
	In more than five years	-	49,420
		249,773	286,422
		=====	=====

One loan for £140,000 was repayable in 48 monthly instalments from June 2013, bearing interest at 3.5% per annum above the Bank of Scotland base rate.

A loan from Social Investment Scotland for £237,215 was repaid in July 2017. Interest has been waived on the loan as the social outcomes set have been fully satisfied. This loan was replaced by a 10 year loan for £237,215 from Aberdeen City Council in July 2017.

All loans are secured by a corporate guarantee between the bank and a third party.

In 2017 and 2016 all Creditors relate to Unrestricted funds.

13	Pension and other post-retirement benefit commitments	2017	2016
	Defined contribution	£	£
	Contributions payable by the company for the year	6,941	4,340
		=====	=====

14 **Members liability**

Transition Extreme Sports Limited is a company limited by guarantee and not having a share capital. The members' liability in the event of winding up is limited by guarantee not exceeding £1 per member.

TRANSITION EXTREME SPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2016 £	Movement in funds		Fund transfers £	Balance at 31 March 2017 £
		Incoming resources £	Resources expended £		
Sports facility	1,596,945	25,000	(55,772)	-	1,566,173
Minibus	12,576	-	(386)	-	12,190
Programmes	15,845	16,650	(34,895)	2,400	-
Salaries	-	13,774	(13,774)	-	-
	<u>1,625,366</u>	<u>55,424</u>	<u>(104,827)</u>	<u>2,400</u>	<u>1,578,363</u>
	=====	=====	=====	=====	=====

Resources expended in respect of the sports facility reflect an allocation of the depreciation charge relating to the leasehold property.

Other restricted funds include funds which are to be used for specific purposes specified by the donor as noted above.

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2017 are represented by:			
Tangible fixed assets	819,078	1,566,173	2,385,251
Investments	1	-	1
Current assets	41,282	12,190	53,472
Creditors: amounts falling due within one year	(522,796)	-	(522,796)
Creditors: amounts falling due after more than one year	-	-	-
	<u>337,565</u>	<u>1,578,363</u>	<u>1,915,928</u>
	=====	=====	=====

17 Related parties

There were no related party transactions during the year.

TRANSITION EXTREME SPORTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

18 Cash generated from operations

	2017	2016
	£	£
Net movement in funds	(183,036)	88,060
Adjustments for:		
Depreciation	115,628	110,360
Movements in working capital:		
Decrease in stock	-	304
(Increase)/decrease in debtors	(30,713)	23,508
(Increase)/decrease in creditors	4,403	(14,151)
(Increase)/decrease in deferred income	<u>11,008</u>	<u>(58,376)</u>
Cash generated absorbed by operations	(82,710)	149,705
	=====	=====