

**North Lanarkshire Leisure Limited  
(Company Limited by Guarantee)**

**Annual Report  
and Financial Statements  
for the year ended 31 March 2020**

Registered Number SC303391

Charity Number SC037439

# North Lanarkshire Leisure Ltd

## Annual Report and Financial Statements for the year ended 31 March 2020

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# North Lanarkshire Leisure Ltd

## Welcome from Chair

I am delighted to present this last annual report for North Lanarkshire Leisure (NLL) which covers the year from the 1<sup>st</sup> April to the 31<sup>st</sup> March 2020. On 22<sup>nd</sup> June 2019 NLL merged with Culture NL (CNL) to form Culture & Leisure NL (CLNL). This therefore makes this the 14<sup>th</sup> and final annual report since NLL was originally formed as a charitable sport and leisure trust on the 16<sup>th</sup> September 2006.

In this time, and in partnership with the Council, we have seen major investment in the sporting estate, resulting in people voting with their feet and customer income rising by over 300% in the 13 years from the financial year just before NLL was formed in 2005-06; rising from £3.8m to £15.5m last year.

The **for the greater public good** key 'charitable' purpose behind creating the not-for-profit charitable sports trust has meant that every single penny generated has been reinvested in improving the community facilities, services, activities and development programmes that NLL provides.

We are delighted therefore to also note that as a result of this, the primary principal and charitable objectives in forming NLL in the first place, to increase participation and improve performance in sport and physical activity with a view to improving the health and wellbeing of the community, has also been achieved. Accordingly, attendances at NLL's sports, leisure and health and fitness facilities, programmes and activities have increased by over 100% from 2.28m to 4.63m over the same thirteen year period since formation.

Importantly therefore, this has and will continue to contribute to the international and national aims contained within the World Health Organisations' recently published Global Action Plan on Physical Activity (GAPPA) and also enshrined in Scotland's Physical Activity Delivery Plan and the Public Health Priorities for Scotland, of ensuring that **more people are more active, more often.**

Fittingly and accordingly, moving forward; the cultural, leisure and sport services will continue to play a vitally important role, which is integral to both the Council's and the North Lanarkshire Partnerships (NLP's) aspiration and shared community planning **vision** clearly articulated in **The Plan for North Lanarkshire** (TPfNL) of creating a "North Lanarkshire that becomes ***the*** place to **Live, Learn, Work, Invest** and **Visit**.

I am sure, like its constituent predecessor organisation(s), that CLNL will become an excellent vehicle to deliver this shared vision and strategic priorities to provide even better, more responsive, efficient, effective and sustainable community sport, leisure and cultural services; improving individual quality of life and collective quality of living in North Lanarkshire.

**Chair** Councillor William Shields

# **North Lanarkshire Leisure Ltd**

## **Introduction to the 2020 report for North Lanarkshire Leisure**

This final annual report concludes NLL's tenure of delivering a wide range of sport, recreation, advancement of health and provision of social welfare charitable services for North Lanarkshire Council.

On behalf of the NLL management team I would like to thank all current and previous directors, all past and present staff - including previous Managing Director, Emma Walker, colleagues within the local authority, the partner public sector agencies and the committed voluntary sector for all their support, encouragement and enthusiasm which they have extended over the last thirteen years.

A brief review of the previous annual reports submitted since the formation of NLL in September 2006, indicates an outstanding level of performance in delivering sport and leisure services with a marked increase in the number of people following a fit, active and healthy lifestyle. In particular, access to NLL services has encouraged the inactive to become active contributing to both healthy bodies and healthy minds. These improvements have continued during 19/20 and everyone associated with the organisation should be proud of the service highlights that NLL has achieved over the last few years.

It is enlightening to witness the social, emotional, physical and mental health benefits that the people of North Lanarkshire gain from engaging with the sport and physical activity services we provide. In many cases, this can mean people facing up to and overcoming a range of personal challenges and adversity brought about at various life stages and differing life circumstances, and the incredible results and personal achievements can be truly transformational and life changing.

The current economic climate has meant that this has been a very difficult time for public services, with reducing budgets and increasing costs, however, we have continued to invest in services and continue to grow the customer base, particularly in the health and fitness area of the organisation. It is hoped that regardless of future challenges we will continue to attract new customers and deliver excellent services. My thanks to all employees of NLL without whom we would be unable to deliver these services.

The merger of NLL into Culture & Leisure NL (CLNL) will no doubt bring with it new challenges, whilst at the same time will provide new opportunities and enable us to build on the impressive legacy left by both North Lanarkshire Leisure (NLL) and CultureNL (CNL) for the benefit of the area and community we serve.

**Jillian Ferrie – Chief Executive**

# North Lanarkshire Leisure Ltd

## Strategic Report and Directors' Report for the year ended 31 March 2020

The Directors have pleasure in submitting the Annual Report that incorporates the Strategic Report, Directors Report and financial statements of the charitable company required under the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013 for the year ended 31 March 2020.

### Reference and administrative details

<b>Charity Number</b>	SC037439
<b>Company Number</b>	SC303391
<b>Registered Office</b>	1 Ardgoil Drive, Cumbernauld, Glasgow, G68 9NE
<b>Directors</b>	P Kelly B Burgess W Shields W Shearer F McNally Resigned 19.12.19 J Linden Resigned 15.11.19 F Fotheringham Resigned 15.11.19 D Gamble Removed 23.12.19 G McKenzie Removed 23.12.19 R McCallum Removed 23.12.19 K McLoughlin Removed 23.12.19
<b>Managing Director</b>	Emma Walker Resigned 02.06.20
<b>Chief Executive</b>	Jillian Ferrie Appointed 02.06.20
<b>Company Secretary</b>	N Lynch Resigned 09.01.20
<b>Corporate Management Team (CMT)</b>	N Lynch – Head of Finance and IT J Burn – Head of HR & Payroll C Walker – Head of Operations S Miller – Head of Sales S Gallagher – Head of Policy & Strategy D Park – Head of Health, Safety & Estates
<b>Independent auditor</b>	RSM UK Audit LLP First Floor, Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG
<b>Solicitors</b>	DWF LLP Dalmore House, 310 St Vincent Street, Glasgow, G2 5QR
<b>Bankers</b>	Royal Bank of Scotland 10 Buchanan Street, Glasgow, G1 3PL

# North Lanarkshire Leisure Ltd

## Structure, Governance and Management

Operating as an arms' length external organisation, or ALEO, of North Lanarkshire Council, independent Governance of NL Leisure is maintained by an experienced Board of Directors who have been drawn from diverse fields including public service, business and sport.

NL Leisure is a not for profit organisation, limited by a guarantee which requires any surpluses generated to be reinvested in the charitable objectives of the company, i.e. improving the services and facilities we offer to the community.

The subsidiary company – North Lanarkshire Leisure Trading Community Interest Company, was set up to undertake non-charitable trading activities on behalf of the parent company. These activities include conferencing; hospitality and special events. The ownership of this company transferred to Culture and Leisure NL on June 22<sup>nd</sup> 2019.

## Mission

Through good value, great venues, innovative programmes and a sense of fun; our goal is to bring the benefits of sport; fitness and a healthy lifestyle to everyone in the community.

## Board of Directors

The Board of Directors meets on a quarterly basis and has been constituted to ensure all key stakeholders have a say in the governance of the organisation; from community and business representatives to colleagues and experts in sports development.

NL Leisure may have up to 13 directors; 6 'partner directors' who also serve as elected members of North Lanarkshire Council; 6 independent directors (from various fields) and 1 trade union director. During 2019-20 there were 2 vacant independent director posts.

All new directors receive appropriate legal guidance on their duties in accordance with charity and company law.

## Corporate Management Team (CMT)

The trust's day to day operations are managed by Chief Executive Jillian Ferrie and the Corporate Management Team.

The remuneration of CMT posts was set as part of the job evaluation exercise carried out by external consultants in 2014 using external benchmarking and was approved by the Audit Committee. This exercise is reviewed and updated if the job description for the post is altered.

## Related parties

NL Leisure works in close partnership with North Lanarkshire Council as the sport and leisure provider to the local authority. Partnership working is central to a shared vision and strategy delivering vital services to the local community.

A contract is in place between both organisations to ensure the obligations of this client relationship are maintained.

# North Lanarkshire Leisure Ltd

## **Disability Policy**

North Lanarkshire Leisure Ltd. is an Equal Opportunities employer, seeking to employ a wide range of skills and talents to ensure a diverse and committed workforce. A comprehensive suite of policy and practice, in support of this, is contained in our Employee Handbook. All employment policies and practices, including our Equality and Diversity Policy and Recruitment Policy fully comply with equality legislation and best practice. Our Equal Opportunities Policy extends to include access to our training and development opportunities, making this available for all.

## **Employees**

North Lanarkshire Leisure Ltd. encourages the involvement of its employees in its management through an extensive 2 way Communication Strategy. This strategy includes annual staff surveys, interim pulse surveys, a Staff Suggestion Scheme, where staff have an opportunity to win vouchers of their choice, regular meetings between managers and staff at all levels throughout the organisation, monthly Newsletters and monthly Employee communications from the Managing Director are issued to all staff. This strategy ensures all relevant information is disseminated to staff with opportunities for all individuals to express their views, suggestions and any concerns on important matters of policy.

# North Lanarkshire Leisure Ltd

## Objectives and activities

As a registered charity NL Leisure is required by law to publish a set of charitable objectives which are summarised below:<sup>1</sup>

*To advance public health and grow participation in sport through the provision of venues, programmes and services accessible to the whole community.*

### Charitable Objectives

1. The advancement of public health in North Lanarkshire
2. The advancement of public participation in sport
3. The provision of recreational facilities to the community
4. The provision of social welfare

### **Strategic priorities**

The charitable objectives define the core purpose as an organisation; closely linked to these are a simple framework of strategic priorities that inform everything the company does.

1. Increase net income through increased commercial focus, improved operational efficiency and providing a quality customer service journey.
2. Increase physical activity levels through growth in the number of unique individuals participating, growth in diversity of participants, increase in grassroots participation and community access and effective engagement with minority groups and those not currently using the service.
3. Identify and implement a sustainable delivery model for the future by maximising assets, making better use of NLL facilities and delivering fit for purpose buildings, attracting additional external funding to support health and fitness activity and modernising the business through technology.
4. Deliver the objectives of the NL Sport and Physical Activity Plan by working with partners, monitoring progress and reporting to the Sport and Physical Activity Working Group.

### **NL Leisure scope**

The scope of activity can be highlighted as follows:

#### Venues

The 20 venues operated across North Lanarkshire provide civic as well as sporting spaces and include swimming pools, gyms, ice-rinks, athletics tracks, multi-sport games halls, 3G football pitches, tennis courts, golf courses and catering outlets.

#### Sports development

In venues and in the community working with clubs, schools and governing bodies to deliver a range of coaching, programmes, events and services that increase grass-roots participation and support elite athlete development.

#### Investment programme

A rolling programme of reinvestment, in line with the charitable objectives, allows standards to be raised across all venues and provides new services and facilities.

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<sup>1</sup> As recognised by the Office of the Scottish Charity Regulator



# North Lanarkshire Leisure Ltd

## Strategic partnerships

In pursuit of the objectives the organisation works alongside others; including long-standing successful initiatives with North Lanarkshire Council, Culture NL, the NHS, Scottish Rugby Union (SRU) as well as a number of Governing Bodies.

This kind of collective effort allows organisations, like NL Leisure, to have a substantially greater impact on shared agendas and priorities such as improving public health and sport development.

## Merger with Culture NL

On the 29th April 2019, North Lanarkshire Council presented a report to committee to instruct the integration of North Lanarkshire Leisure (NLL) and Culture NL (CNL), with CNL to be retained as the vehicle moving forward renamed as Culture & Leisure NL. The merger took place on 22nd June 2019 with the assets and liabilities of NLL donated to CNL for £nil consideration; North Lanarkshire Leisure's operations will continue as part of Culture & Leisure NL, therefore the assets will be realised and liabilities fully discharged by Culture & Leisure NL.

# North Lanarkshire Leisure Ltd

## Achievements and performance

NL Leisure's performance is monitored using a framework developed and refined since 2006 and is recognised as an example of best practise within the sector by Audit Scotland.

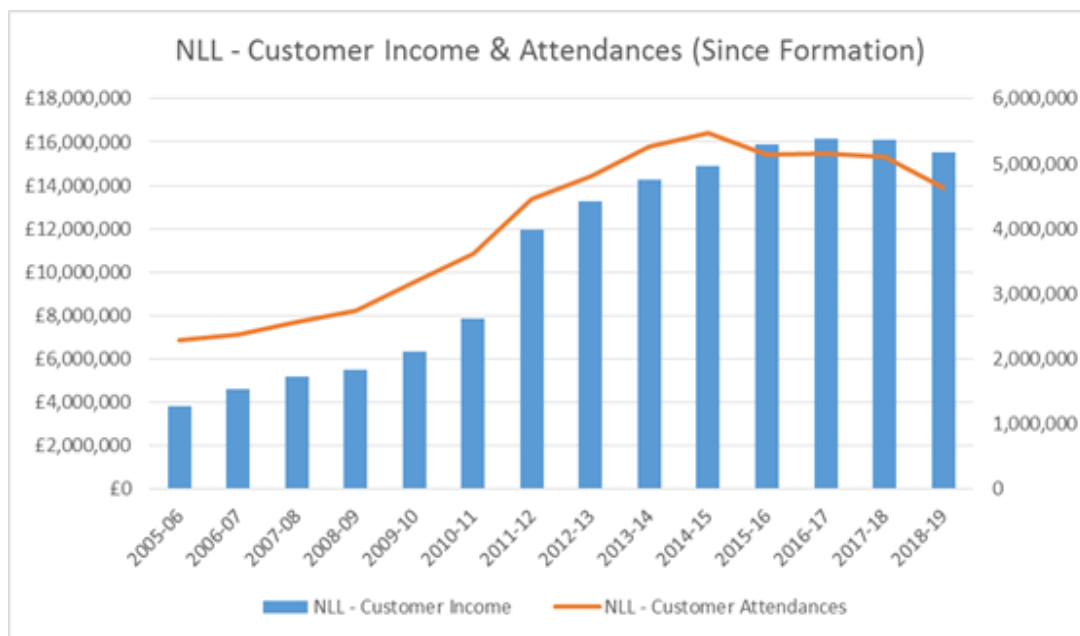
This includes quarterly reports to NLL's Board of Directors and North Lanarkshire Council's ALEO Committee which has been established to ensure that the Council have appropriate governance and robust performance monitoring arrangements in place to all of its Arms-Length External Organisations; including NLL. The NL Leisure performance management system is subject to regular review and has evolved as the scope of activity has grown.

### The 'Long View' - NLL Performance from Formation to Transfer – Key Performance Indicators

Although the majority of public sector and charitable sport and leisure services have a plethora of both statutory and key performance indicators which they regularly monitor and report on for a whole range of different purposes and various stakeholder groups, the two principle key performance indicators for the service are attendances and customer income.

Attendances are important as the key service and principal charitable aim is to increase activity levels with a view to improving the health, wellbeing and welfare of the communities served. The World Health Organisation (WHO) in July last year published the Global Action Plan on Physical Activity (GAPPA), aimed at tackling the serious health consequences of the rise in degenerative diseases, principally brought about by physical inactivity and increasingly sedentary lifestyles.

Customer income, which is the second key performance indicator for the service has become so important as it has facilitated service growth in the light of declining revenue support budgets; allowing the pursuit of the core charitable and business objectives in increasing participation in sport and physical activity towards the national aim of ensuring that **'more people are more active, more often'**.



The importance of appraising both performance aspects in tandem is that the growth in customer income has facilitated the innovative, ground breaking and in many cases, award winning work that NLL has managed to provide on NLC's behalf; particularly around the fairness, equality and inclusive services aimed at levelling the playing fields for those most in need of such 'charitable' support, therefore this perfectly embodies the marrying business development, service development and charitable objectives which was the principle rationale for forming NLL in 2006.

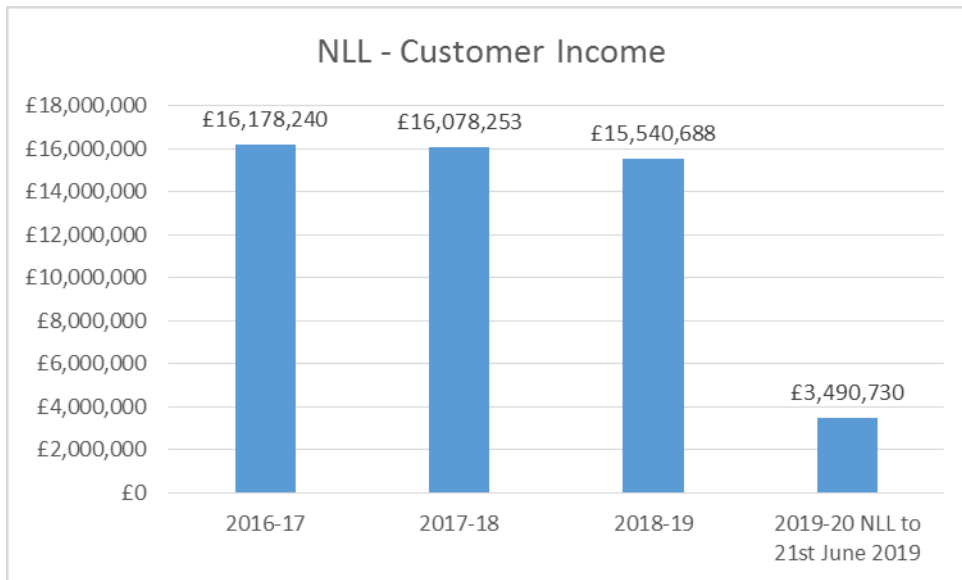
# North Lanarkshire Leisure Ltd

## Performance in 2019-20

The achievements and performance outlined in this report, in respect of the 2019-20 financial year, covers the period from 1 April 2019 to 21 June 2019 as the activities were transferred to Culture & Leisure NL on 22 June 2019.

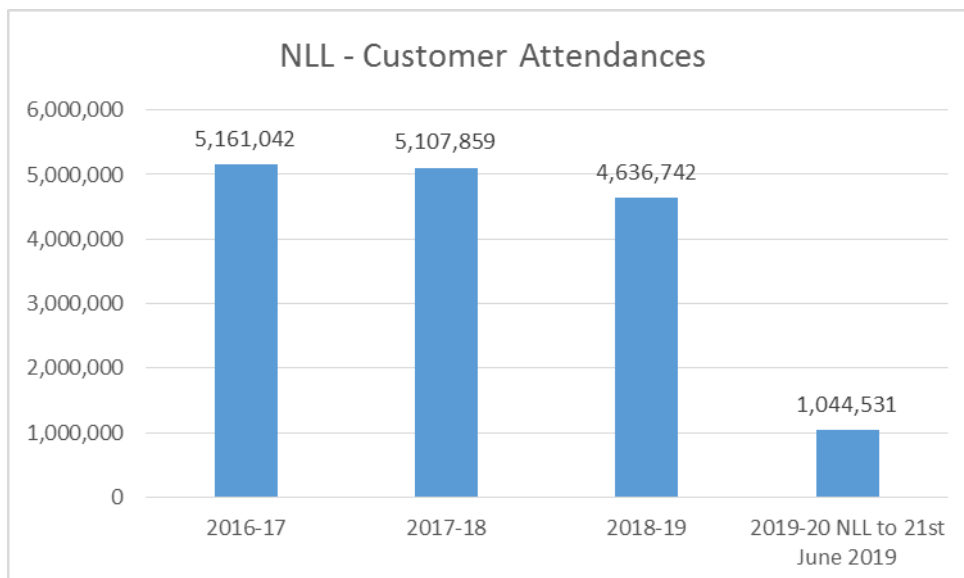
### Customer income

In 2019-20 part year customer income was £3.49m, which is shown alongside the corresponding full year income for the previous 3 years in the graph below.



### Customer attendances

In 2019-20 part year customer attendances was just over 1 million, which is shown alongside the corresponding full year attendance levels for the previous 3 years in the graph below:



# North Lanarkshire Leisure Ltd

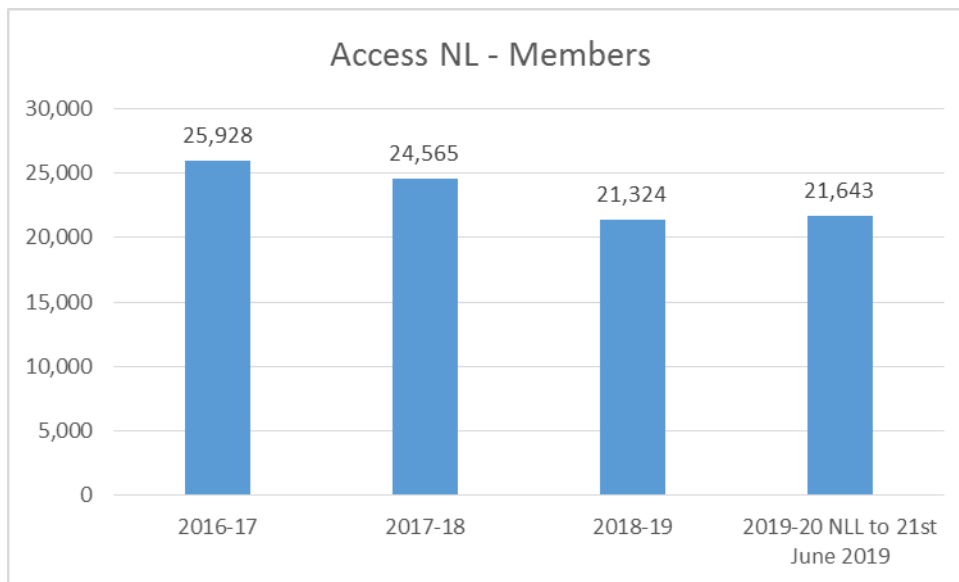
## Membership and membership income

A remarkable growth in membership income, since the scheme was introduced in 2003 and since the formation of NLL in 2006, has been a key factor in the success of NLL and the main thrust as NLL's primary income generation strategy, which has driven strong financial performance since NL Leisure was formed in 2006.

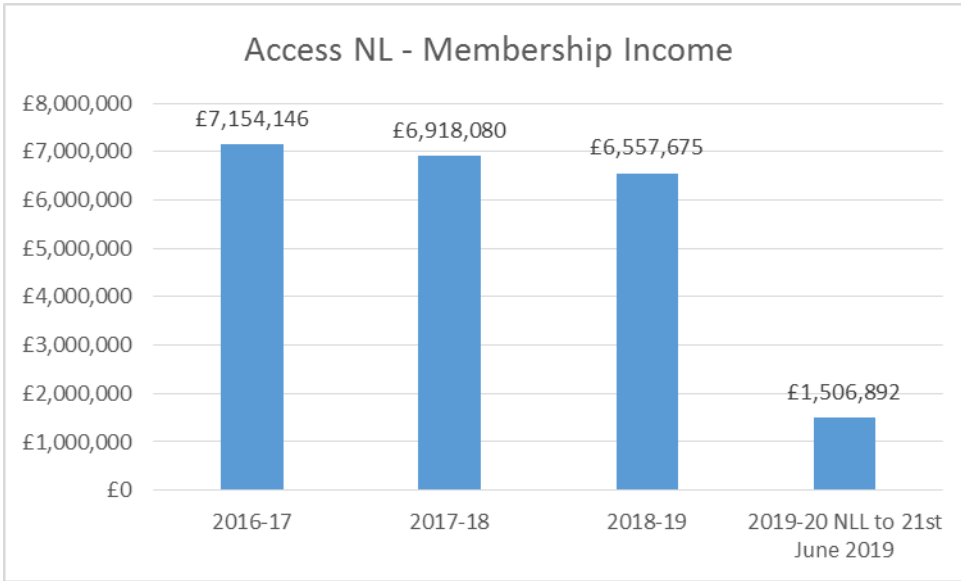
However, as previously reported, the growth in both commercial budget and independent gym chains within North Lanarkshire has impacted this income generating strategy over the last few years.

NLL has responded well to the challenge from the competition, with the latest phase of the capital investment strategy continuing with new gym design and equipment tailored to be responsive to the growth in functional and weight training, whilst still maintaining the attraction to the wider market also and we are now beginning to witness early indicators of recovery, which is critical to both the sustainability both of this market segment and the wider sports and physical activity programme which the private sector will not provide due to the resources involved and the limited shareholder returns.

Accordingly, the number of members and the income generated during the first part of 2019-20 is shown in the graphs below, together with the previous full 3 year comparison.

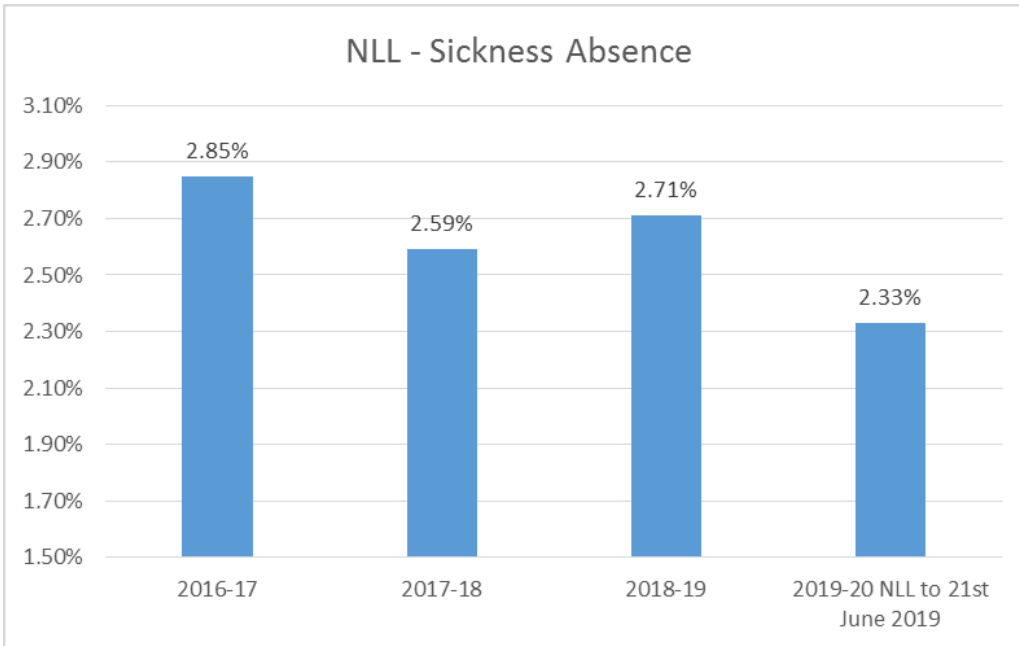


# North Lanarkshire Leisure Ltd



## Sickness Absence

NLL's sickness absence for the first part of the year is and comparisons to the previous 3 years results are shown below, which is trending to an all-time low for the first part of the 2019-20 financial year of 2.33%.



# North Lanarkshire Leisure Ltd

## Review of the Year from 1<sup>st</sup> April to 31<sup>st</sup> March 2020

- Work has commenced by North Lanarkshire Council on the provision of a new £3.7m public park directly opposite Ravenscraig Regional Sports Facility, heralding the next phase in redeveloping the former steelworks site. These new community facilities includes the children's play areas, a new 3G pitch, an outdoor gym, disabled changing facilities, a sensory garden and quiet seating areas, new walking and cycling routes linking into the wider walking, cycling and running network.
- North Lanarkshire Council have opened a free to use £60,000 new outdoor gym at Airdrie Leisure Centre funded through the Community Matters (Locality Partnership) programme, aiming to increase outdoor physical activity levels.
- New changing facilities have been installed at Airdrie Leisure Centre and St. Margaret's in Partnership with Gartcairn United, the Council, NLL and the governing body to support the expanding football development programme provided in partnership with this local community football club.
- Kilsyth Swimming Pool reopened on Friday the 19th of April 2019 following a short closure for a major £330,000 refurbishment. This seen the reception, changing village, health suite, pool, spectating and vending areas being significantly improved and upgraded alongside necessary routine and planned preventative maintenance regimes being undertaken.
- In partnership with the Council and the Scottish Association of Mental Health (SAMH), NLL assisted in the planning of the inaugural SAMH running event covering either 5k or 5 miles at its Drumpellier Country Park on the 30th June 2019.
- NLL hosted a 'Summer Dance Party' on Sunday 2nd June 2019, with this free event at Ravenscraig Regional Sports Facility providing a mix of Zumba, Body Jam and Salsa dance and exercise styles, with a voluntary collection being taken in aid of Macmillan Cancer Support.
- NLL has launched a brand new internal 'Leisure Intranet' for staff on the 13th May 2019. This resource will provide an invaluable information, news and knowledge base for staff at all levels throughout the organisation.
- NLL's 'We Support Everybody' campaign won the Marketing Campaign of the year category at the UK Active awards in Manchester on Thursday 6th June 2019. As usual this category of prestigious national awards was hotly contested, therefore to win the award reflects the outstanding high profile marketing and multi-media campaign celebrating the work of NLL and showcasing and promoting the achievements of the communities we serve in improving their health and wellbeing.
- NLL have scheduled a number of free 'Eating Healthily on a Budget' workshops to encourage optimum family nutrition for participants.
- A free tennis open day was held at Broadwood Leisure Centre with NLL in partnership with Cumbernauld Tennis Club on Sunday the 9th of June 2019 providing coaching sessions for both children and adults in advance of this years' Wimbledon and the natural interest that this international and the associated run up tennis tournaments which tends to engender and inspire.
- NLL once again provided the annual 'study leave' membership for 5th and 6th year North Lanarkshire pupils allowing them free access to our gyms, fitness classes and swimming pools from the 1st to 31st May 2019. This helps provide a better balance between learning and study, health, fitness, rest and relaxation during what can be a particularly stressful examination year.

# North Lanarkshire Leisure Ltd

## Financial Review

The performance outlined below in respect of the year to 31 March 2020, covers the period from 1 April 2019 to 21 June 2019 as the activities of NL Leisure were transferred to Culture & Leisure NL on 22 June 2019.

NL Leisure generates income from a range of sources including entry fees to the facilities, catering and merchandising. It also receives an annual management fee from North Lanarkshire Council, which in the year to 31 March 2020 amounted to £1,822,593 (see note 4). Unrestricted income excluding management fee and pensions amounted to £3,490,730 during the year.

At 21 June 2019 the pension deficit of £11,818,000 (see note 20) is as a result of the inclusion of the retirement benefit obligations in accordance with the accounting treatment required by FRS102 Section 28 Employee Benefits. Statutory funding arrangements for the pension means that the deficit will be made good by increased contributions from the Company over the remaining life of the employees, as assessed by Hymans Robertson, the independent actuary for the scheme.

During the year 2019/20 NL Leisure had an approved budget to break-even, the out-turn in the year to 31 March 2020 was a deficit of £231,878 (see note 16), with the corresponding surplus to be achieved within Culture & Leisure NL Ltd to the 31<sup>st</sup> March 2020.

## Going Concern

As noted previously on page 9, the merger with Culture NL took place on 22nd June 2019 and was affected by the assets and liabilities of NL Leisure being donated to Culture NL as detailed in note 1 on page 25. NL Leisure's operations will continue as part of the newly named entity Culture & Leisure NL, therefore the assets will be realised and liabilities fully discharged by Culture & Leisure NL. Therefore, the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting.

## Investment Policy

NL Leisure has the power under its Memorandum and Articles of Association to invest and deal with the funds and monies of the Company not immediately required for its purposes in, or upon, such investments, securities or property as may be thought fit, subject to any changes to conditions or consents required by law.

## Reserves Policy

The Directors previously forecast the level of general unrestricted reserves NL Leisure would require in order to sustain its operations over a year if it were to experience a temporary curtailment of some or all of its operations.

Following an assessment of the financial risks of the Company in June 2016 and a review annually, the Directors considered the most appropriate level of unrestricted general reserves were to be no more than 4% of gross expenditure. As at 31 March 2020 the general reserve is £nil following the transfer to Culture and Leisure NL.

A Designated fund was approved by the Board in 2007 for the purpose of future reinvestment in the assets and infrastructure of NL Leisure. The balance of which is also £nil following the transfer.

Culture and Leisure NL will revisit their reserves policy in light of the merger.

## Statement on disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps (such as making enquiries of other directors and the auditor and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

# North Lanarkshire Leisure Ltd

## **Auditor**

As the Charity has been wound up on March 31st there is no requirement to appoint an Auditor.

## **Annual Governance Statement**

### **Scope of Responsibility**

NL Leisure is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions. This includes arrangements for the management of risk.

NL Leisure has adopted a code of corporate governance, which is consistent with the principles of the Charity Commissions "Hallmarks of an Effective Charity".

The system on internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

### **Governance Framework**

The NL Leisure Service Plan forms an integral part of the overarching Management Agreement that North Lanarkshire Leisure Limited (NL Leisure) has for managing and operating the sport and leisure facilities, services, activities and programmes on behalf of North Lanarkshire Council (NLC). Outlined within this is the company's mission statement, strategies and objectives. This is underpinned by the annual financial planning exercise undertaken which focuses on the monetary implications of the company's priorities and delivers an annual financial strategy to deliver the outcomes agreed in the business plan.

The company has a number of policies and regulations which Directors and Officers must adhere to. These include:

- NL Leisure's "Financial Regulations" which details the company's framework of internal financial controls designed to ensure the effective stewardship of NL Leisure funds.
- NL Leisure's "Financial Scheme of Delegation" which details the financial responsibilities specific to Board Directors, Senior Managers and Officers.

### **Review of Effectiveness**

The Company has a number of areas of good practice with regards to Governance and these have been recognised by the Board Directors:

- NL Leisure has mechanisms in place to ensure that key elements of its governance framework are subject to regular review;
- NL Leisure has well-established service and financial planning arrangements including Service and Financial Plans which details the organisations mission and strategic aims and which have been approved by the Board;
- NL Leisure has well-established financial management processes which produce financially robust and deliverable financial budgets which are integrated with wider business planning;
- The NL Leisure Board meets regularly to monitor financial and service performance and arrangements appear appropriate to hold senior management to account;
- Directors have received training on their expected roles and responsibilities designed to enable them to effectively discharge their duties; and



# North Lanarkshire Leisure Ltd

- NL Leisure has an approved risk management policy and associated risk registers which are subject to review by senior management from across the Trust. These are regularly reviewed, and have recently been updated to incorporate changes in the company structure and business environment in which it operates.

## Governance

In the Board's view, reasonable assurance can be placed on the adequacy and effectiveness of NL Leisure's system of internal control and governance for the year to 31 March 2020.

**Chair** 

**Registered Office:**

Broadwood HQ  
1 Ardgoil Drive  
Cumbernauld, G68 9NE

**Date:** 30/11/2020

# North Lanarkshire Leisure Ltd

## Statement of responsibilities of the Directors of North Lanarkshire Limited in respect of the Trustees' annual report and the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of expenditure over income for that year. In preparing each of the group and charitable company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Chair** 

**Date:** 30/11/2020

**Registered Office:**

Broadwood HQ  
1 Ardgoil Drive  
Cumbernauld, G68 9NE

# North Lanarkshire Leisure Ltd

## Independent auditor's report to the trustees and members of North Lanarkshire Leisure Ltd

### Opinion

We have audited the financial statements of North Lanarkshire Leisure Limited (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of its 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 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).

### Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter – Non-going concern basis of accounting

We draw attention to note 1 on page 25 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1 on page 25, the charity donated its assets and liabilities to Culture NL on 22nd June 2019 and ceased trading at that date, with operations continuing as part of Culture & Leisure NL. Therefore, the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# North Lanarkshire Leisure Ltd

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report and the strategic report prepared for the purposes of company law and included within the annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report, included within the annual report, have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report or the strategic report, included within the annual report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

## **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out on page 18, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# North Lanarkshire Leisure Ltd

## Use of our report

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, 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 members and the charity's trustees 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 charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Kelly Adams MA, (hons), C.A. (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
Scotland  
EH3 9QG

Date 8 December 2020

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# North Lanarkshire Leisure Ltd

## Statement of Financial Activities for the year ended 31 March 2020 (incorporating the income and expenditure account)

Note	General Fund 2020 £	Pension Fund 2020 £	Designated Fund 2020 £	Total Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
<b>Income and endowments</b>							
Incoming resources from trading activities							
Other trading activities:							
Catering	243,990	-	-	243,990	-	243,990	1,079,666
Rental income	88,350	-	-	88,350	-	88,350	411,963
Merchandising	40,576	-	-	40,576	-	40,576	158,599
Income from Investments	2 3,333	-	-	3,333	-	3,333	8,767
Other Income	3 -	-	-	-	-	-	107,773
<i>Total income and endowments from trading activities</i>	<b>376,249</b>	-	-	<b>376,249</b>	-	<b>376,249</b>	<b>1,766,768</b>
Income from charitable activities							
Advancement of health, education and sport	4 4,940,406	-	-	4,940,406	99,246	5,039,652	22,700,544
<b>Total income and endowments</b>	<b>5,316,655</b>	-	-	<b>5,316,655</b>	<b>99,246</b>	<b>5,415,901</b>	<b>24,467,312</b>
<b>Expenditure on:</b>							
Raising funds:							
Catering	308,127	-	-	308,127	-	308,127	1,278,821
Merchandising	24,529	-	-	24,529	-	24,529	97,643
<i>Total costs of raising funds</i>	5 332,656	-	-	332,656	-	332,656	1,376,464
Charitable activities							
Advancement of health, education and sport	6 5,215,877	808,000	23,677	6,047,554	105,592	6,153,146	25,835,397
Donation to Culture & Leisure NL Limited	7, 16 1,431,005	(11,818,000)	378,357	(10,008,638)	48,653	(9,959,985)	-
<b>Total Expenditure</b>	<b>6,979,538</b>	<b>(11,010,000)</b>	<b>402,034</b>	<b>(3,628,428)</b>	<b>154,245</b>	<b>(3,474,183)</b>	<b>27,211,861</b>
Net movement in funds and net income for the year	17 (1,662,883)	11,010,000	(402,034)	8,945,085	(54,999)	8,890,084	(2,744,549)
Actuarial gain/(loss) on defined benefit pension scheme	20 -	238,000	-	238,000	-	238,000	(3,234,000)
Transfer between funds	-	-	-	-	-	-	-
<b>Net movement in funds</b>	<b>(1,662,883)</b>	<b>11,248,000</b>	<b>(402,034)</b>	<b>9,183,085</b>	<b>(54,999)</b>	<b>9,128,084</b>	<b>(5,978,549)</b>
Fund balances brought forward at 1 April 2019	1,662,883	(11,248,000)	402,034	(9,183,083)	54,999	(9,128,084)	(3,149,535)
<b>Total funds carried forward at 31 March 2020</b>	17 -	-	-	-	-	-	<b>(9,128,084)</b>

All items dealt with in arriving at the net results relate to discontinued operations.  
There is no difference between the net results and their historical cost equivalents.

# North Lanarkshire Leisure Ltd

## Balance Sheet as at 31 March 2020

	Note	2020	2020	2019	2019
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	14		-		2,386,768
Investments			-		100
<b>Current assets</b>					
Stocks		-		51,868	
Debtors	11	-		1,252,600	
Cash at bank and in hand	18	-		2,366,145	
			-		3,670,613
<b>Current liabilities</b>					
Creditors (amounts falling due within one year)	12	-		(3,345,436)	
<b>Net current assets</b>			-		325,177
<b>Long Term Liabilities</b>					
Creditors (amounts falling due after more than one year)	13		-		(592,129)
<b>Net assets excluding pension fund (liability)</b>			-		2,119,916
<b>Pension fund (liability)</b>	20		-		(11,248,000)
<b>Net liabilities</b>			-		(9,128,084)
<b>Funds</b>					
Restricted funds	15		-		54,999
Unrestricted funds	16				
Designated fund - assets & infrastructure			-		377,800
Designated fund – operational commitments			-		24,234
General fund			-		1,662,883
Unrestricted funds excluding pension reserve			-		2,064,917
Pension reserve	20		-		(11,248,000)
<b>Total unrestricted funds</b>			-		(9,183,083)
<b>Total funds</b>	17		-		(9,128,084)

The Company registration number is **SC303391**.

The notes on pages 25 to 38 form part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on and were signed on its behalf by:

**Chair**  
**Date:**

# North Lanarkshire Leisure Ltd

## Statement of Cash Flows for the year ended 31 March 2020

	Note	2020 £	2019 £
<b>Cash Flows from Operating Activities</b>			
Net cash provided by operating activities	18	(2,091,945)	948,953
<b>Cash Flows from Investing Activities</b>			
Dividend, Interest and rents from investments		3,333	8,767
Purchase of property, plant and equipment	14	(277,533)	(426,333)
<b>Net Cash used in investing activities</b>		<b>(274,200)</b>	<b>(417,566)</b>
<b>Cash Flows from Financing Activities</b>			
Cash Inflow from new borrowing		-	804,093
<b>Net cash provided by (used in) financing activities</b>		<b>-</b>	<b>804,093</b>
<b>Change in cash and cash equivalents in the reporting year</b>		<b>(2,366,145)</b>	<b>1,335,480</b>
Cash and Cash equivalents at the beginning of the reporting year		2,366,145	1,030,664
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and Cash equivalents at the end of the reporting year		-	2,366,145

The notes on pages 25 to 38 form an integral part of these financial statements



# North Lanarkshire Leisure Ltd

## Notes

(forming part of the financial statements)

### 1. Accounting policies

#### General Information / Legal Status

North Lanarkshire Leisure Ltd is a not for profit organisation limited by guarantee. The organisation meets the definition of a public benefit entity. The registered office details and principal activities are outlined in the Strategic Report on pages 3-5.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and legislation. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

These financial statements are prepared in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated.

#### Period of performance in 2019-20

The performance outlined in this report, in respect of the 2019-20 financial year, covers the period from 1 April 2019 to 21 June 2019 as the activities were transferred to Culture & Leisure NL on 22 June 2019.

#### Going Concern

As detailed in notes 7 and 16, the assets and liabilities of North Lanarkshire Leisure Limited were donated to Culture NL on 22nd June 2019, at which point North Lanarkshire Leisure Limited ceased to trade. North Lanarkshire Leisure's operations will continue as part of the newly named entity Culture & Leisure NL, therefore the assets will be realised and liabilities fully discharged by Culture & Leisure NL. Therefore, the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting.

#### Funds

Funds are classified as either restricted funds or unrestricted funds, defined as follows:

Restricted funds	Relates to specific grant income where the donor has declared what the money must be spent on. The trustees do not have the power to spend the money on any other activity although some restricted funds may be expendable at the discretion of the Board in the furtherance of a specific activity.
Unrestricted funds	This is money that is expendable by the Board in the furtherance of the objectives of the charity. If part of an unrestricted fund is ear marked for a particular project it is designated as a separate fund (see below). This designation is for administrative purposes only and does not legally restrict the trustees.
Designated funds	Part of the unrestricted fund, but ear-marked for a particular purpose. NL LEISURE has created a designated fund to support the company's investment strategy and a designated fund to support certain operational commitments.

#### Income

All income is included in the Statement of Financial Activities in the year in which the company is entitled to receipt, any performance conditions have been met, it is probable the income will be received and the amount can be measured reliably. All grants under funding arrangements from local government are included on a receivable basis.

# North Lanarkshire Leisure Ltd

Operating income, including membership fees, admission charges for use of facilities, hire of equipment and investment income is recognised in the statement of financial activities on an accruals basis.

Where funders specify that grants must be used in future accounting years, the income is deferred until those years. When donors impose conditions which have to be fulfilled before the charitable company become entitled to the income, this income is deferred until the conditions have been met.

## Expenditure

All liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the company to the expenditure. Where costs cannot be directly attributed to particular functional activities, they have been allocated to activities on a basis consistent with the use of resources.

Charitable expenditure incurred by the company can be defined as either:

- Charitable Activities – these are costs incurred in line with the charitable objectives and include both the direct costs, support costs and governance costs relating to these activities.
- Costs of Raising Funds – these are costs incurred in activities that raise funds.

## Stock

Stocks held are in respect of provisions and supplies and are valued at the lower of cost and net realisable value in the ordinary course of operating.

## Operating leases

Rentals paid under operating leases are charged at 1 full annual rental in year 1 and zero in the final year.

## Pension costs

North Lanarkshire Leisure is a member of the Strathclyde Pension Fund, a defined benefit pension scheme, administered by Glasgow City Council. The scheme is open to all employees of the Company. The expected cost to the Company in respect of pensions is charged to the income and expenditure account to spread the costs of pensions over the services lives of the employees.

As a result of the FRS102 Retirement Benefits being adopted in full, the regular service cost of providing retirement benefits to employees, the full cost or gain of providing amendments to benefits in respect of past service, income representing the expected return on assets of the fund and a cost representing the interest on the liabilities are charged to the statement of financial activities in the year.

Differences between actual and expected returns on assets during the year, together with differences arising from changes in assumptions underlying the present value of scheme liabilities and experience gains and losses arising on scheme liabilities are also recognised in the statement of financial activities. The difference between the market value of assets and the present value of liabilities is shown as a net liability on the balance sheet.

North Lanarkshire Council has guaranteed to accept liability for any unfunded costs that may arise with regard to North Lanarkshire Leisure relating to their membership of the Local Government Pension Scheme administered by Glasgow City Council.

## Fixed assets and depreciation

Assets are held at cost. The Company does not capitalise individual items with a cost of less than £1,000. Additions are fully depreciated in the year they are purchased. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Leasehold improvements	5 years – 10 years
Plant & equipment	3 years – 10 years
Furniture & fittings	5 years – 10 years
Computer equipment	3 years – 5 years

# North Lanarkshire Leisure Ltd

## **Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

## **Financial instruments**

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities comprising trade and other debtors and creditors, and loans to related parties. Debt instruments that are payable or receivable within one year are measured, initially and subsequently, at the undiscounted amount of the cash expected to be paid or received. Debt instruments that constitute a financing transaction under FRS102 are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition adjusted for transaction costs.

Financial assets measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

## **Taxation**

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK Corporation Tax purposes. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains applied exclusively to charitable purposes.

## **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than twelve months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Directors are satisfied that the accounting policies are appropriate and applied consistently. Significant estimations have been applied to the defined benefit pension assumptions. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 20).

# North Lanarkshire Leisure Ltd

## 2. Investment income – Company

	2020	2019
	£	£
Bank and other interest	3,333	8,767
	<u>3,333</u>	<u>8,767</u>

## 3. Other – Company

	2020	2019
	£	£
Interest free loan - Gift	-	107,773
	<u>-</u>	<u>107,773</u>

## 4. Income from charitable activities - Company

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total 2020 £	Total 2019 £
Income from operating activities	3,117,813	-	3,117,813	13,814,294
Income from contract with North Lanarkshire Council	1,822,593	-	1,822,593	8,209,886
Grant Funding	-	99,246	99,246	676,364
	<u>4,940,406</u>	<u>99,246</u>	<u>5,039,652</u>	<u>22,700,544</u>

Grant funding includes funding from NHS and NLC as detailed in Note 16.

## 5. Catering & merchandising costs - Company

	Catering 2020 £	Merchandising 2020 £	Total 2020 £	Total 2019 £
Salaries & wages	107,813	-	107,813	446,800
Property Costs				2,424
Supplies & services	157	24,529	24,686	113,667
Other expenditure	132,972	-	132,972	670,140
Support Costs (note 8)	67,185	-	67,185	233,989
	<u>308,127</u>	<u>24,529</u>	<u>332,656</u>	<u>1,467,020</u>

# North Lanarkshire Leisure Ltd

## 6. Charitable Activities – Company

	Unrestricted Funds		Designated Funds 2020 £	Restricted Funds 2020 £	Total 2020 £	Total 2019 £
	Direct 2020 £	Support 2020 £				
Cost of sales	-	-	-	2,118	2,118	6,662
Salaries & wages	2,564,098	727,827	-	72,684	3,364,609	13,736,805
Property Costs	735,098	125,999	-	1,601	862,698	3,666,435
Supplies & services	119,406	70,964	-	4,882	195,252	1,425,006
Transport Costs	7,748	69,066	-	1,361	78,175	432,425
Administrative Costs	190,316	243,817	-	16,600	450,733	1,900,439
Payments to Other Bodies	9,541	-	-	-	9,541	89,357
Central Costs	1,871	327,654	23,677	6,346	359,548	1,547,966
Governance Costs (note 9)	-	22,472	-	-	22,472	129,302
Pension Costs	808,000	-	-	-	808,000	2,901,000
	<b>4,436,078</b>	<b>1,587,799</b>	<b>23,677</b>	<b>105,592</b>	<b>6,153,146</b>	<b>25,835,397</b>

## 7. Donation to Culture & Leisure NL Limited

On 22 June 2019 all assets, liabilities and charitable activities were donated from North Lanarkshire Leisure Limited to Culture & Leisure Ltd for nil consideration, as detailed in note 16. All assets and liabilities were donated at book value.

## 8. Allocation of support costs

	Operations	Estates	Sales & Marketing	Sports Development	Sub Total	Catering	Total	Basis of Allocation
	2020	2020	2020	2020	2020	2020	2020	
	£	£	£	£	£	£	£	
Management	471,874	12,801	124,440	42,787	651,902	47,732	699,634	Expenditure Budget
Finance	37,494	698	9,075	2,726	49,993	3,629	53,622	Expenditure Budget
Information Technology	65,964	-	9,303	14,799	90,066	6,343	96,409	Number of PC's, tablets and phones
HR, Payroll & Training	75,838	552	22,463	20,302	119,155	7,126	126,281	Employee Numbers
Operations Central	9,757	-	-	-	9,757	-	9,757	Evenly across sites
Estates	497,240	8,319	5,072	1,524	512,155	2,028	514,183	Location of works done
Sales & Marketing	123,843	93	9,728	21,107	154,771	327	155,098	Value of DD's and location of works done
<b>Total</b>	<b>1,282,010</b>	<b>22,463</b>	<b>180,081</b>	<b>103,245</b>	<b>1,587,799</b>	<b>67,185</b>	<b>1,654,984</b>	

# North Lanarkshire Leisure Ltd

## 9. Governance costs – Company

	2020	2019
	£	£
Allocation of Managing Director costs	5,783	23,950
Internal Audit Fees	3,876	8,948
Audit fees		
Audit of these financial statements	10,000	17,767
Tax Services	825	1,645
Other professional fees and costs - Charitable	1,988	76,992
Other professional fees and costs - Catering	13,351	-
	<u>35,823</u>	<u>129,302</u>

## 10. Staff numbers and costs

The remuneration and associated costs of the company including key management personnel were:

	2020	2019
	£	£
Wages & salaries	2,769,723	11,711,170
Redundancy Costs	181,112	137,430
Payments in lieu of notice	28,168	38,321
Social security costs	197,369	823,309
	<u>3,176,372</u>	<u>12,710,230</u>
Pension costs		
Current Service Cost	1,177,000	3,341,000
Loss on curtailment	-	-
Net Interest Cost	63,000	175,000
	<u>4,416,372</u>	<u>16,226,230</u>

Key Management Personnel are defined as the Managing Director and Corporate Management Team, those receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands:

	2020	2019
	Number	Number
£80,000 - £90,000	<u>1</u>	<u>1</u>

The total remuneration and benefits paid to key management personnel in the year is as follows:

	2020	2019
	£	£
Salary and benefits – Managing Director	23,727	84,224
Salary and benefits – Corporate Management Team	93,306	329,846
	<u>117,033</u>	<u>414,070</u>

The average monthly head-count of employees during the year was:

	2020	2019
	Number	Number
Administration staff (e.g. Venue Managers, Health & Fitness Managers, Receptionists, Sport Development Officers, Engineers & Head Office staff)	92	294
Leisure staff (e.g. Leisure Attendants, Catering Staff, Gym Instructors & Cleaners)	88	305
Sessional staff	53	178
Total	<u>233</u>	<u>777</u>

# North Lanarkshire Leisure Ltd

## 10. Staff numbers and costs (continued)

Other than Trustees Indemnity Insurance only 1 members of the Board received expenses from NLL in their capacity as a Director. These were in relation to consultancy services amounting to £1,500 (2018/19 £nil) and mileage of £nil (2018/19 £172). Board Directors are eligible for discounted membership of the Access NL gym membership scheme and 7 Directors have taken advantage of this at no cost to the company.

One Board member (William Shearer) was employed by the Company and received remuneration and pension as an employee totalling £9,706 during the year.

	2020 £	2019 £
Salary	6,914	29,210
Overtime	457	1,725
Other Pay Items	120	117
Pension	1,335	5,153
National Insurance Contributions	880	3,123
Total	<u>9,706</u>	<u>39,328</u>

## 11. Debtors

	2020 £	2019 £
Trade Debtors	-	148,063
Amounts due from related party	-	919,234
Prepayments and accrued income	-	146,581
Due from Group Company	-	38,722
	<u>-</u>	<u>1,252,600</u>

## 12. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	-	(606,304)
Other taxes and social security costs	-	(497,794)
Amount due to related party	-	(248,362)
Other creditors and accruals	-	(1,985,473)
Amounts due to group	-	(7,503)
	<u>-</u>	<u>(3,345,436)</u>

## 13. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Less than 1 year	-	(133,426)
1 – 2 years	-	(139,029)
2 – 5 years	-	(453,100)
	<u>-</u>	<u>(592,129)</u>
Total Loan Liability	<u>-</u>	<u>(725,555)</u>

# North Lanarkshire Leisure Ltd

## 13. Creditors: amounts falling due after more than one year (continued)

The long term loan of £804,092 was received from North Lanarkshire Council in April 2018 to fund restructure costs; this was an interest free loan to be repayable over 5 years. An effective interest rate of 4.12% has been applied with the interest cost of £6,153 being charged to interest payable within the SOFA.

On 22 June 2019 all creditors were transferred to Culture & Leisure Ltd for £nil consideration along with the other assets, liabilities and Leisure operations of the charity, as detailed in notes 7 and 16.

## 14. Tangible fixed assets

	Leasehold Improvements	Furniture & Fittings	Plant & Equipment	Computer Equipment	Total Assets
	£	£	£	£	£
Cost at 1 April 2019	4,526,283	201,679	1,433,813	441,852	6,603,627
Additions	-	7,693	269,840	-	277,533
Disposals	-	-	-	-	-
Donation to Culture & Leisure NL Ltd	(4,526,283)	(209,372)	(1,703,653)	(441,852)	(6,881,160)
Gross book value as at 31 March 2020	-	-	-	-	-
Depreciation at 1 April 2019	2,831,945	126,772	822,075	436,067	4,216,859
Depreciation provided for year	115,636	5,443	51,304	760	173,143
Depreciation on disposals	-	-	-	-	-
Donation to Culture & Leisure NL Ltd	(2,947,581)	(132,215)	(873,379)	(436,827)	(4,390,002)
Cumulative depreciation as at 31 March 2020	-	-	-	-	-
<b>Net book value as at 31 March 2020</b>	-	-	-	-	-
Net book value as at 31 March 2019	1,694,338	74,907	611,738	5,785	2,386,768

## 15. Restricted funds

	Projects - General	Projects - NHS	Projects - FNP	Programmes	Capital Grant	Total Restricted Funds
Balance as at 1 April 2019	-	-	-	-	54,999	54,999
Income	(23,702)	(43,515)	(26,206)	(5,823)	(6,346)	(105,592)
Expenditure	23,702	43,515	26,206	5,823	-	99,246
Donation to Culture & Leisure NL	-	-	-	-	(48,653)	(48,653)
Balance as at 31 March 2020	-	-	-	-	-	-

### Projects: General

This is the Saturday Sports scene project which provides diversionary activities across 4 sites in North Lanarkshire. The funder in this area is North Lanarkshire Council.

### Projects: NHS

There are a number of specific projects which the NHS have continued to fund since 2011 and these include Active Health, Adult and Child Weight Management, Walking Football and Mental Health.

The areas they have chosen to support take a holistic approach to health and look at prevention, rehabilitation and inclusion as key aspects to reaching goals and outcomes.

### Projects: FNP

North Lanarkshire Council fund the Friday Night programmes which are run at 4 sites within the NLL boundary. These programmes are designed to deliver diversionary activities to children including drug and alcohol awareness workshops, mind and body management classes, football leagues and dance workshops.



# North Lanarkshire Leisure Ltd

## 15. Restricted funds (continued)

### Programmes

The majority of this is specific funding received from North Lanarkshire Council for the Cumbernauld 10K.

### Capital Grant

In 2010/11 £225,000 was received from Sportscotland, £30,000 from Viridor & £20,000 from R&A towards funding improvements at Lochview. This is being recognised to match the depreciation on these projects over the remaining useful life of the equipment.

## 16. Movement in reserves

	Unrestricted Fund			Restricted Fund	Total Funds
	Designated Fund	General Fund	Pension Reserve		
	£	£	£		
Opening reserves at 1 April 2019	402,034	1,662,883	(11,248,000)	54,999	(9,128,084)
Add surplus/(deficit) for the year	(23,677)	(231,878)	(808,000)	(6,346)	(1,069,901)
Actuarial loss for the year	-	-	238,000	-	238,000
Donation to Culture & Leisure NL Ltd	(378,357)	(1,431,005)	11,818,000	(48,653)	9,959,985
Reserves at 31 March 2020	-	-	-	-	-

The Designated Fund was created to cover the depreciation on assets which were purchased from in the years 2006/07 to 2014/15. This designated fund is released over the useful life of the assets.

## 17. Analysis of net assets between funds

	Unrestricted Funds			Restricted Funds	Totals
	General	Pension	Designated		
	2020	2020	2020		
	£	£	£	£	£
<b>Fund balances at 31 March 2020 are represented by:</b>					
Tangible fixed assets	-	-	-	-	-
Investments	-	-	-	-	-
Current assets	-	-	-	-	-
Current liabilities	-	-	-	-	-
Long Term Liability	-	-	-	-	-
Pension Fund Liability	-	-	-	-	-
	-	-	-	-	-

	Unrestricted Funds			Restricted Funds	Totals
	General	Pension	Designated		
	2019	2019	2019		
	£	£	£	£	£
<b>Fund balances at 31 March 2019 are represented by:</b>					
Tangible fixed assets	1,929,735	-	402,034	54,999	2,386,768
Investments	100	-	-	-	100
Current assets	3,670,613	-	-	-	3,670,613
Current liabilities	(3,345,436)	-	-	-	(3,345,436)
Long Term Liability	(592,129)	-	-	-	(592,129)
Pension Fund Liability	-	(11,428,000)	-	-	(11,248,000)
	1,662,883	(11,428,000)	402,034	54,999	(9,128,084)

# North Lanarkshire Leisure Ltd

## 18. Notes to the statement of cash flows

### Reconciliation of net income to net cash inflow from operating activities

	2020	2019
	£	£
Net income/(expenditure) for the year	8,890,084	(2,744,549)
Adjustments for:		
Depreciation charges	173,143	800,788
Dividends, interest and rents from investments	(3,233)	(87,304)
Asset disposals	2,491,158	73,437
Net pension adjustment FRS102	808,000	2,901,000
Donation of pension liability	(11,818,000)	-
Decrease in stocks	51,868	706
Decrease/(increase) in debtors	1,252,600	252,687
(Decrease)/increase in creditors	<u>(3,937,566)</u>	<u>(247,812)</u>
<b>Net cash (used in)/provided from operating activities</b>	<b><u>(2,091,945)</u></b>	<b><u>948,953</u></b>

### Reconciliation of net cash flow to movement in net debt

(Decrease)/Increase in cash in the year	(2,366,145)	1,335,481
Net (debt) / funds at the start of the year	<u>2,366,145</u>	<u>1,030,664</u>
Net Funds	<u>-</u>	<u>2,366,145</u>

### Analysis of cash and cash equivalents

	2020	2019
	£	£
Cash in hand	-	2,366,145
Total Cash and Cash Equivalents	<u>-</u>	<u>2,366,145</u>

## 19. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land & Buildings	Other	Total	Total
	2020	2020	2020	2019
	£	£	£	£
Operating leases which expire:				
In Year one	-	-	-	227,260
In the second to fifth years inclusive	-	-	-	268,143
	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,403</u>

On 22 June 2019 all operating leases were transferred to Culture & Leisure Ltd for £nil consideration along with the other assets, liabilities and Leisure operations of the charity, as detailed in notes 7 and 16.

# North Lanarkshire Leisure Ltd

## 20. Pension scheme

Certain of the Company's employees belong to the Strathclyde Pension Fund which is part of the Multi-Employer Local Government Pension Scheme (LGPS), of which the Company is an admitted body. This is a defined benefit scheme that provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. In accordance with FRS102 – Retirement Benefits the Company is required to disclose certain information relating to the scheme. The recognition and measurement requirements of FRS102 have been adopted within the accounts.

The last full actuarial valuation was carried out as at 31 March 2019. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 21 June 2020 using the following assumptions. This includes the effect of the McCloud judgement.

On 22 June 2019 all liabilities for the pension scheme deficit were transferred to Culture & Leisure Ltd for £nil consideration along with the other assets, liabilities and Leisure operations of the charity, as detailed in notes 7 and 16.

	<b>21 June 2019</b>	<b>31 March 2019</b>
Rate of increase in salaries	<b>3.6%</b>	<b>3.6%</b>
Rate of increase in pensions in payment	<b>2.4%</b>	<b>2.4%</b>
Discount rate	<b>2.4%</b>	<b>2.5%</b>

	<b>21 June 2019</b>		<b>31 March 2019</b>	
	<b>Males</b>	<b>Females</b>	<b>Males</b>	<b>Females</b>
Post Retirement Mortality				
Current Pensioners	<b>21.4 years</b>	<b>23.7 years</b>	<b>21.4 years</b>	<b>23.7 years</b>
Future Pensioners	<b>23.4 years</b>	<b>25.8 years</b>	<b>23.4 years</b>	<b>25.8 years</b>

The Fair value of employer assets are:

	<b>21 June 2019</b>	<b>31 March 2019</b>
	<b>£</b>	<b>£</b>
Equities	<b>37,919,000</b>	<b>36,121,000</b>
Bonds	<b>14,220,000</b>	<b>13,545,000</b>
Property	<b>5,925,000</b>	<b>5,644,000</b>
Cash	<b>1,185,000</b>	<b>1,129,000</b>
Total	<b><u>59,249,000</u></b>	<b><u>56,439,000</u></b>

The amounts recognised in the balance sheet are as follows:

	<b>21 June 2019</b>	<b>31 March 2019</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	<b>(71,067,000)</b>	<b>(67,687,000)</b>
Fair value of plan assets	<b><u>59,249,000</u></b>	<b><u>56,439,000</u></b>
Net Liability	<b><u>(11,818,000)</u></b>	<b><u>(11,248,000)</u></b>

# North Lanarkshire Leisure Ltd

## 20. Pension scheme (continued)

### Changes in the present value of the defined benefit obligation are as follows:

	21 June 2019	31 March 2019
	£	£
Opening Defined Benefit Obligation	67,687,000	56,929,000
Service cost	1,177,000	3,341,000
Interest cost	372,000	1,593,000
Contribution by Members	164,000	535,000
Actuarial Losses/(Gains)	1,808,000	4,940,000
Past service cost (including curtailments)	21,000	1,062,000
Benefits Paid	<u>(162,000)</u>	<u>(713,000)</u>
Closing defined benefit obligation	<u>71,067,000</u>	<u>67,687,000</u>

### Changes in the fair value of plan assets are as follows:

	21 June 2019	31 March 2019
	£	£
Opening plan assets	56,439,000	51,816,000
Interest income	309,000	1,418,000
Actuarial gains / (losses)	2,046,000	1,706,000
Contributions by employer	453,000	1,677,000
Contributions by members	164,000	535,000
Benefits paid	<u>(162,000)</u>	<u>(713,000)</u>
Closing plan assets	<u>59,249,000</u>	<u>56,439,000</u>

### The amounts recognised in statement of financial activities are as follows:

	21 June 2019	31 March 2019
	£	£
Current service cost	1,177,000	3,341,000
Past service cost	21,000	1,062,000
Interest on obligation	372,000	1,593,000
Interest on plan assets	<u>(309,000)</u>	<u>(1,418,000)</u>
Losses on Curtailments		
Total	<u>1,261,000</u>	<u>4,578,000</u>

# North Lanarkshire Leisure Ltd

## 20. Pension scheme (continued)

The history of experience gains and losses are as follows:

	21 June 2019	31 March 2019	31 March 2018	31 March 2017	31 March 2016
	£	£	£	£	£
Present value of liabilities	<b>71,067,000</b>	<b>67,687,000</b>	<b>56,929,000</b>	<b>64,138,000</b>	<b>44,457,000</b>
Percentage of the present value of liabilities	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0.30%</b>
Value of assets	<b>59,249,000</b>	<b>56,439,000</b>	<b>51,816,000</b>	<b>51,124,000</b>	<b>39,839,000</b>
(Deficit) / Surplus	<b>(11,818,000)</b>	<b>(11,248,000)</b>	<b>(5,113,000)</b>	<b>(13,014,000)</b>	<b>(4,618,000)</b>
Experience gains / (losses) arising on the scheme liabilities	-	-	-	-	<b>139,000</b>
Actuarial (losses) / gains recognised in SOFA	<b>(238,000)</b>	<b>3,234,000</b>	<b>9,531,000</b>	<b>(7,731,000)</b>	<b>6,642,000</b>
Present value of liabilities	<b>71,067,000</b>	<b>67,687,000</b>	<b>56,929,000</b>	<b>64,138,000</b>	<b>44,457,000</b>
Percentage of the present value of liabilities	<b>(0.3)%</b>	<b>4.8%</b>	<b>(16.70)%</b>	<b>(12.10)%</b>	<b>(14.90)%</b>

## 21. Related party transactions

North Lanarkshire Council (NLC), the sole member of NL LEISURE, made a contribution as per the service specification of £1,822,593 (2019 - £8,209,886) to the Company and leased the facilities occupied by the Company for a peppercorn rent. The transactions with NLC to 31 March 2020 were as follows; the Company incurred costs from NLC of £57,700 (2019 - £172,257) which included transactions such as capital programmes, St Ambrose profit share, medical referrals, internal hires, events and CEEF. The Company invoiced NLC in the year £1,848,960 (2019 - £8,639,991), this includes the management fee mentioned above, also swimming programmes and coaching for schools, along with other income such as hospitality, room hire and social work NL access passes.

Six directors of the Company were members of North Lanarkshire Council during the year ended 31 March 2020, these being P Kelly, F McNally, W Shields, F Fotheringham, J Linden and B Burgess.

Culture NL, is an arms' length external organisation of North Lanarkshire Council. Transactions with Culture NL include facility hire, room hire and courier charges, the Company incurred costs from Culture NL of £3,541 (2019 - £15,660) during the year. The Company invoiced Culture NL in the year £1,134 (2019 - £33,910) for ticket sales and hire of Flooring for Park - Go Live.

On 22 June 2019 all assets, liabilities and charitable activities were donated from North Lanarkshire Leisure Limited to Culture & Leisure Ltd for £nil.

# North Lanarkshire Leisure Ltd

## 22. Statement of Financial Activities – extended comparisons

### North Lanarkshire Leisure Ltd

#### Company Statement of Financial Activities for the year ended 31 March 2019 (incorporating the income and expenditure account)

Note	General Fund 2019	Pension Fund 2019	Designated Fund 2019	Total Unrestricted funds 2019	Restricted funds 2019	Total 2019	Total 2018
	£	£	£	£	£	£	£
<b>Income and endowments</b>							
Incoming resources from trading activities							
Other trading activities:							
Catering	1,079,666	-	-	1,079,666	-	1,079,666	1,214,017
Rental income	411,963	-	-	411,963	-	411,963	371,496
Merchandising	158,599	-	-	158,599	-	158,599	172,424
Income from Investments	2 8,767	-	-	8,767	-	8,767	3,687
Other Income	3 107,773	-	-	107,773	-	107,773	-
<i>Total income and endowments from trading activities</i>	<b>1,766,768</b>	<b>-</b>	<b>-</b>	<b>1,766,768</b>	<b>-</b>	<b>1,766,768</b>	<b>1,761,624</b>
Income from charitable activities							
Advancement of health, education and sport	4 22,024,180	-	-	22,024,180	676,364	22,700,544	23,130,471
<b>Total income and endowments</b>	<b>23,790,948</b>	<b>-</b>	<b>-</b>	<b>23,790,948</b>	<b>676,364</b>	<b>24,467,312</b>	<b>24,892,095</b>
<b>Expenditure on:</b>							
Raising funds:							
Catering	1,278,821	-	-	1,278,821	-	1,278,821	1,462,434
Merchandising	97,643	-	-	97,643	-	97,643	115,795
<i>Total costs of raising funds</i>	6 <b>1,376,464</b>	<b>-</b>	<b>-</b>	<b>1,376,464</b>	<b>-</b>	<b>1,376,464</b>	<b>1,578,229</b>
Charitable activities							
Advancement of health, education and sport	7 22,076,933	2,901,000	153,600	25,131,533	703,864	25,835,397	25,438,843
<b>Total Expenditure</b>	<b>23,453,397</b>	<b>2,901,000</b>	<b>153,600</b>	<b>26,507,997</b>	<b>703,864</b>	<b>27,211,861</b>	<b>27,017,072</b>
Net movement in funds and net income for the year	17 337,551	(2,901,000)	(153,600)	(2,717,049)	(27,500)	(2,744,549)	(2,124,977)
Actuarial gain/(loss) on define benefit pension scheme	22 -	(3,234,000)	-	(3,234,000)	-	(3,234,000)	9,531,000
Transfer between funds	-	-	-	-	-	-	-
<b>Net movement in funds</b>	<b>337,551</b>	<b>(6,135,000)</b>	<b>(153,600)</b>	<b>(5,951,049)</b>	<b>(27,500)</b>	<b>(5,978,549)</b>	<b>7,406,023</b>
Fund balances brought forward at 1 April 2018	1,325,332	(5,113,000)	555,634	(3,232,034)	82,499	(3,149,535)	(10,555,558)
<b>Total funds carried forward at 31 March 2019</b>	19] <b>1,662,883</b>	<b>(11,248,000)</b>	<b>402,034</b>	<b>(9,183,083)</b>	<b>54,999</b>	<b>(9,128,084)</b>	<b>(3,149,535)</b>

All items dealt with in arriving at the net results relate to continuing operations.  
There is no difference between the net results and their historical cost equivalents.