

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

**Annual Report  
and Financial Statements  
for the year ended 31 March 2017**

Registered Number SC303391

Charity Number SC037439

# Annual Report and Financial Statements for the year ended 31 March 2017

## Contents

Welcome from the Chairman.....	1
Introduction from the Managing Director .....	3
Annual Report incorporating the Strategic and Directors' Report for the year ended 31 March 2017	
Reference and administrative details.....	5
Structure, Governance and Management.....	6
Objectives and Activities.....	7
Achievements and Performance .....	9
Financial Review .....	17
Plans for Future Periods .....	18
Principle Risks & Uncertainties.....	20
Annual Governance Statement.....	21
Statement of Directors' Responsibilities .....	23
Independent auditor's report to the trustees and members of North Lanarkshire Leisure Limited ...	24
Consolidated Statement of Financial Activities for the period ended 31 March 2017 (incorporating the income and expenditure account).....	25
Company Statement of Financial Activities for the period ended 31 March 2017 (incorporating the income and expenditure account).....	26
Consolidated Balance Sheet as at 31 March 2017 .....	27
Company Balance Sheet as at 31 March 2017 .....	28
Consolidated Cash flow Statement for the period ended 31 March 2017 .....	29
Notes .....	30

### Welcome from (outgoing) Chairman Barry McCulloch

I am delighted to present the 2016/17 annual report for North Lanarkshire Leisure (NLL). This is the 11<sup>th</sup> annual report since NLL was formed as a charitable sport and leisure trust on the 16<sup>th</sup> September 2006.

When Cllr Logue (NLL's former chair), became the Leader of North Lanarkshire Council (NLC), it was with enormous pleasure and pride that I was appointed to Board of Directors at the end of March last year and subsequently elected by the Board as NLL's Chair.

As a largely newly reconstituted Board, inheriting a relatively new and changing management team, myself and the incoming Board were quick to grasp the enormity of the challenge ahead of us, particularly on the fiscal front as a result of core budget (management fee) reductions being felt throughout the entire public sector. Coupled with this is the additional impact of an influx of budget gyms to Lanarkshire was bringing increasing competition directly into the area.



In view of the above significant financial challenges, for the first time ever, the Board were required to set a deficit revenue budget for 2016/17 (funded on a temporary basis from reserves).

It is against this backdrop and due to the sheer hard work, dedication and financially prudent decision making of the directors, management team and staff through a combination of income generation, spending restriction, savings identification and wise capital and revenue investments that I am delighted to report that the predicted deficit outturn has been completely reversed and indeed replaced by a modest surplus.

At the same time the performance, structural, service and business improvements outlined in this report that have been undertaken during this annual report period clearly demonstrates that NLL has not stood still but instead has positively and proactively responded to these challenges.

As we know, a year can be a short time in politics and although NLL is a non-political organisation, a number of board appointments, like mine, include elected members from the Council and unfortunately I lost my seat during the local council elections on the 4<sup>th</sup> May 2017, requiring my reluctant resignation from NLL's Board, with one of my last tasks, as outgoing Chair therefore being to sign off this annual report.

Accordingly, I would like to express my sincere thanks, gratitude and appreciation to my fellow Directors on the Board, Emma Walker, who is now rightly confirmed as NLL's new Managing Director and to her team and staff as this clearly demonstrates that by working

## **North Lanarkshire Leisure Ltd**

together, we have striven and continued to provide excellent sport and leisure services for the public we serve.

I would therefore also like to wish the new incoming chair and newly elected Council representatives on the Board every success to build upon the strong foundations that have been laid down over the last year. The key drivers for change and service aims remain to increase participation and performance in sport and ensure that more people are more active more often, with the prize being improved health and wellbeing for all remain very important key priorities.

Together in Sport

A handwritten signature in black ink that reads "Barry McCulloch". The signature is written in a cursive, flowing style.

**Barry McCulloch**

**Chair**

**North Lanarkshire Leisure Limited**

# North Lanarkshire Leisure Ltd

## Introduction to the 2016/2017 report

### Emma Walker – Managing Director

Success has come in many forms for NLL over the last year and our intention is to continue that progress in all aspects of the business.

This success has only been achieved by the planning, hard work, and dedication by so many NLL staff. I have been so encouraged with how positively staff have responded and engaged with challenges in the business. I would like to take this opportunity to thank the NLL team for their commitment particularly the Core Management Team.



Operating a vast portfolio of venues, services, activities and programmes needs a prioritised, agreed and planned programme of continual investment and this annual report clearly demonstrates substantial improvements, which is now being underpinned with a more efficient and effective organisational structure. This is allowing, and will continue to assist NLL to better deliver our service, business and charitable aims, objectives and goals and those of our key strategic business and funding partners.

As well as the provision of our core service much of the year has been taken up with delivering an excellent and growing calendar of local, regional, national and in some cases international events, each of which helps to bring a sense of occasion, of place, of pride and of passion to North Lanarkshire. In this regard, the planning and preparation work continued for the 2017 British Transplant Games (BTG) which was hosted in North Lanarkshire at the end of July this year, with NLL's venues being the principal base for over 30 sports, disciplines and activities for around 1,000 transplant athletes with ages ranging from 2 to 80+ and around 1,500 of their families, friends and supporters and a further 300 'Norlander' willing and enthusiastic general and sports specific volunteers joining to cheer them on, in what is a truly remarkable, courageous and awe inspiring event.

I'm also pleased that what was earlier coined the 'Golden Decade of Sport' for North Lanarkshire, Scotland, which kicked off with the Lanarkshire International Children's Games in 2011, the London Olympics in 2012, the Glasgow Commonwealth Games and Ryder Cup in 2014, the above-mentioned North Lanarkshire BTG in 2017 will continue when Glasgow and Berlin will host the 2018 European Championships in August next year. As part of this the rowing and triathlon competitions are being delivered in North Lanarkshire at Strathclyde Country Park. As with the triathlon and road race cycling elements of the 2014 Glasgow Commonwealth Games, NLL will again lend assistance and support to the Council and other event partners to deliver another high profile, international sports event.

As well as striving to improve service planning and delivery, the nature of the service is that the unexpected will present itself from time to time, such as the closure of John Smith Pool, due to an unexpected fabric failure with the swimming pool, but I was delighted with how quickly we all worked to relocate programmes and services to minimise disruption. I was also heartened by the quick response from our colleagues and elected members in the Council in finding the necessary resources, at such short notice to undertake the necessary repairs and improvement works. This is especially significant in such financially challenging times and clearly underlines the partners

## North Lanarkshire Leisure Ltd

continuing support for NLL in providing the important health improving services that we do to the communities we serve.

In spite of the clear challenges that NLL and the charitable sector for sport has faced in providing provision of high quality sport, recreation, leisure, physical activity services, the rationale and the need for these services to improve the health of the nation and to tackle poverty, inequality and accessibility issues has never been higher. During the course of the 2017/18 annual report period, NLL will develop its next three year business plan and associated sports strategies aligned to local and national priorities to deliver key strategic outcomes and outputs for our communities and partners.

I am really pleased and genuinely proud of the performance and service improvements outlined in this annual report and I look forward to continuing and growing the NLL business in future years.



**Emma Walker**  
**Managing Director**  
**North Lanarkshire Leisure Limited**

# North Lanarkshire Leisure Ltd

## Strategic Report and Directors' Report for the year ended 31 March 2017

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<sup>st</sup> March 2017.

### 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>	B McCulloch J Logue I Majid W Shields A Spowart A Airlie J Taggart D Gamble W Shearer G Docherty G McKenzie R McCallum K McLoughlin F Burns	Resigned 06.04.17       Resigned 08.03.17   Appointed 16.02.17 Removed 09.08.16 (Deceased)
<b>Managing Director</b>	E Walker	
<b>Company Secretary</b>	C Kerr N Lynch	Removed 12.10.16 Appointed 12.10.16
<b>Independent auditor</b>	RSM UK Audit LLP Third Floor, Centenary House, 69 Wellington Street, Glasgow, G2 6HG	
<b>Solicitors</b>	DWF LLP Dalmore House, 310 St Vincent Street, Glasgow, G2 5QR	
<b>Bankers</b>	Clydesdale Bank 43 Hamilton Road, Motherwell, ML1 3DD	

# North Lanarkshire Leisure Ltd

## Structure, Governance and Management

Operating as an arms' length external organisation of North Lanarkshire Council or ALEO, 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.

### 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 has 13 directors; 6 'partner directors' who also serve as elected members of North Lanarkshire Council; 5 independent directors (from various fields); 1 trade union director and 1 employee director.

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 Managing Director Emma Walker 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

## 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

The advancement of public health

The advancement of public participation in sport

The provision of recreational facilities to the community

### **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.

- Encouraging greater participation in sport and help people reach their full potential.
- Through great service, high-standards and a sense of fun, welcoming more people, from all sections of the community, to our venues.
- Through our activity and by working in partnership with others, such as the NHS and North Lanarkshire Council, improving public health and aid regeneration efforts in North Lanarkshire.
- Growing awareness of the services offered and their positive impact.
- Managing responsibly; capitalising on efficiencies where possible, maximising revenues and stimulating growth by investing in areas where the returns offer the greatest benefit to the community.

### **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.

---

<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, the NHS and new opportunities with governing bodies such as the Scottish Rugby Union (SRU).

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.

# 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 Learning and Leisure Committee and a Single Outcome Agreement with the same body.

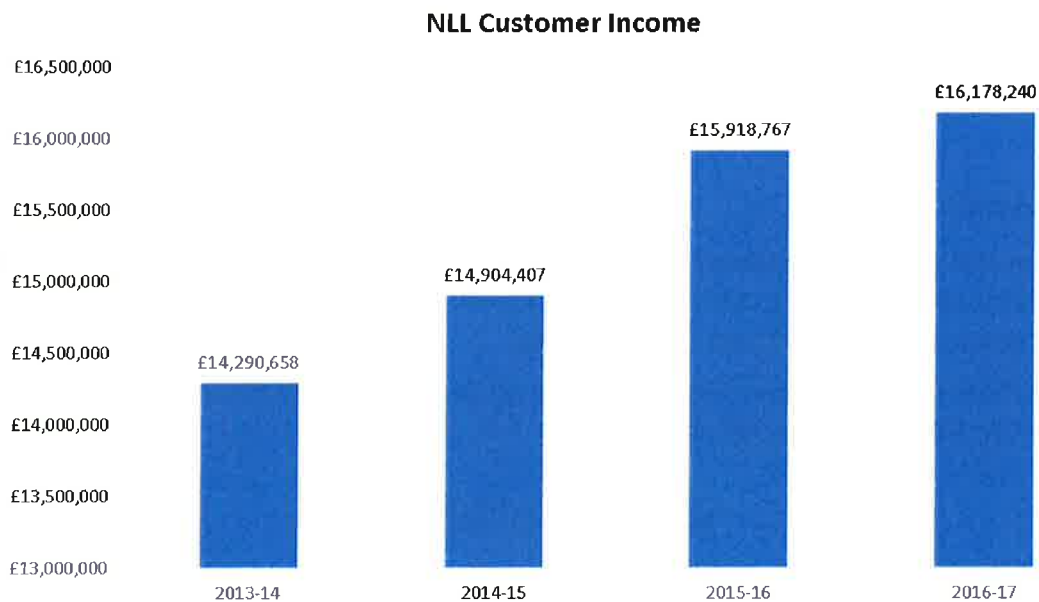
The NL Leisure performance management system is subject to regular review and has evolved as the scope of activity has grown.

## Performance in 2016/17

### Customer income

In 2016-17 customers contributed £16.2m to the trust up from £15.9m in the previous year, an increase of £259,473 or 1.63%.

Income growth since 2013-14 is shown in the chart below.



### Customer attendances

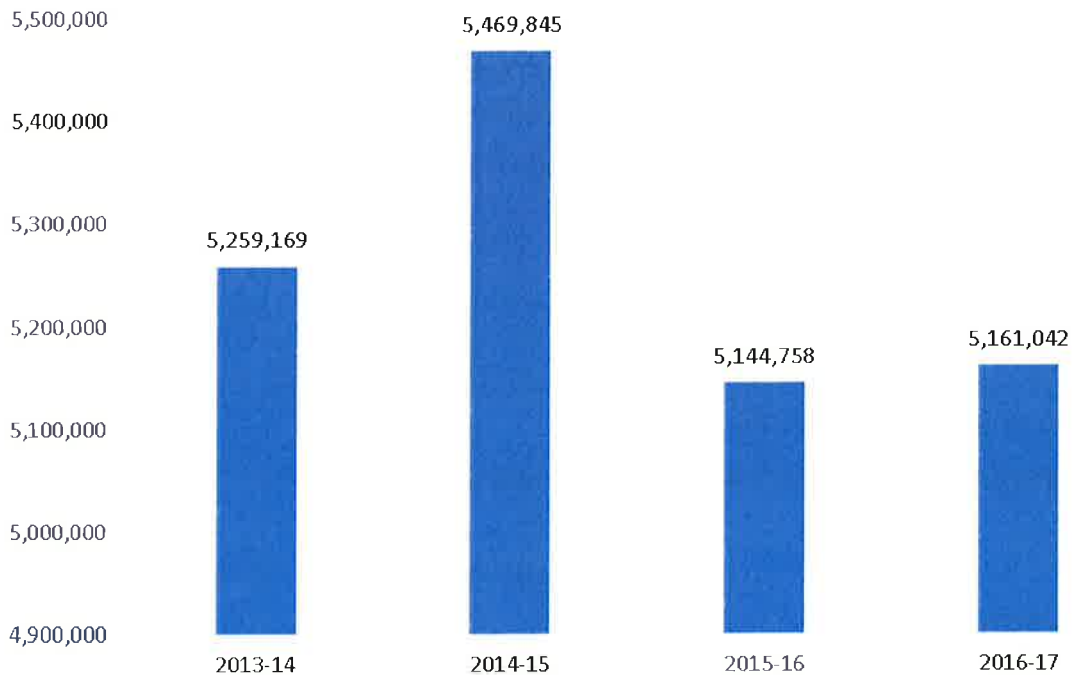
NLL is beginning to show signs of recovery from the overall dip in attendances which emerged for the first time since NLL's formation in 2015/16 dropping to 5.14m, with 2016-17 showing a slight improvement in attendances which are up by 16,284 users (0.32%) recovering to 5.16m.

Please note that this performance also has to be assessed against the closure of John Smith Pool for a significant portion of the financial year to address building fabric issues, therefore had it not been for this, the recovery would have been more pronounced.

The graph below highlights the pattern of growth followed by the slight dip in the number of people accessing our venues over the past four years.

# North Lanarkshire Leisure Ltd

## NLL Customer Attendances

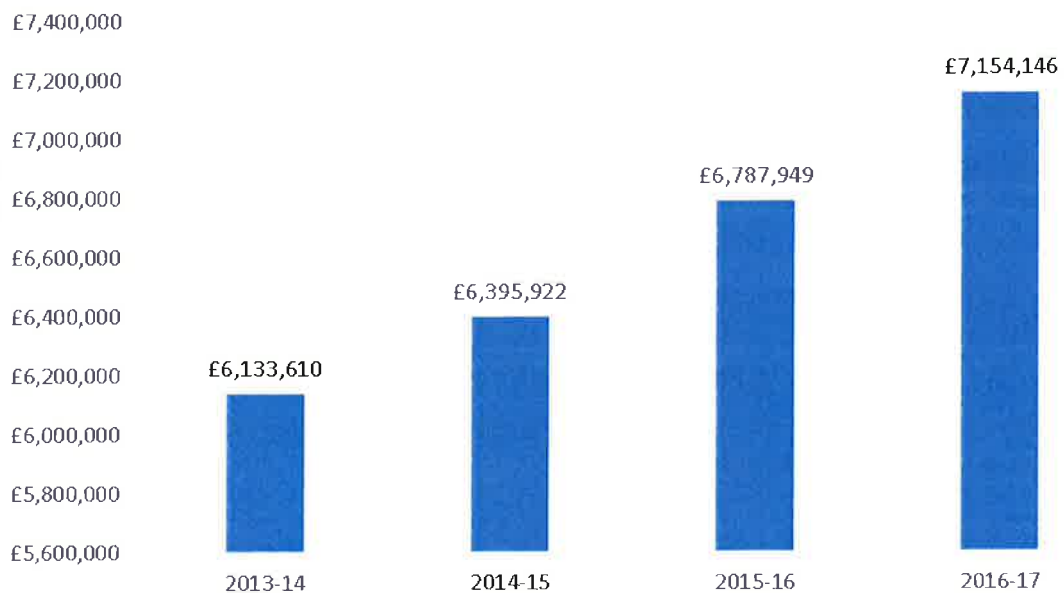


## Membership income

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

During 2016-17 membership income continued to grow, rising from £6.7m in 2015-16 to £7.15m in 2016-17 an increase of £366,197 or 5.39%.

## NLL Membership Income



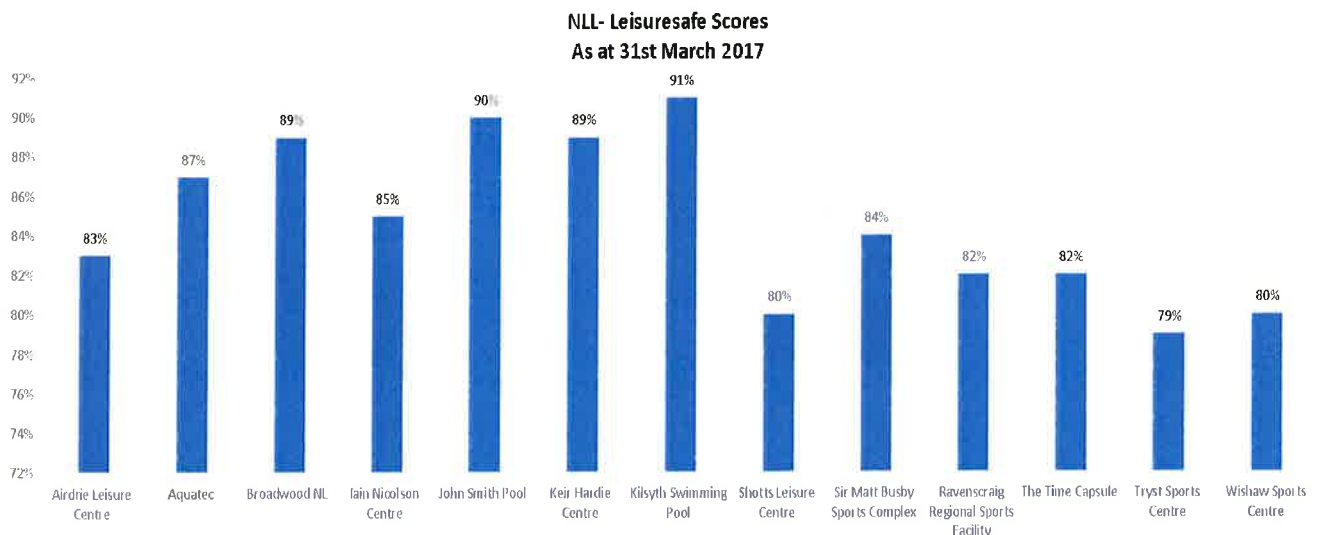
# North Lanarkshire Leisure Ltd

A slight move into more endurance sports and functional based training is exhibiting itself nationally and the growth locally in the budget gym sector is having an impact to an extent in membership sales, however the latest phase of new gym design and equipment is tailored to be responsive to the growth in functional and weight training, whilst still maintaining the attraction to the wider market also.

## Health & Safety

Given the wide range of activities, services, programmes and venues that NLL operates from swimming pools to ice rinks, athletics tracks, sports pitches, BMX tracks, sports halls, health and community fitness programmes, resulting in over 5m attendances throughout the year, health and safety remains of critical importance. It is important that safety standards are maintained at the highest level and robust ongoing management procedures and arrangements are in place.

NLL's arrangements for health and safety are independently audited through the Leisure Safe accreditation scheme and, with some of our venues attaining amongst some of the highest scores in the UK. With health and safety however, there is no basis to be content with past performance as incidents can occur quickly at any time resulting in the need for all staff to be ever vigilant in this area. The current leisure safe scores for each of the main venues are shown in the graph below.



The need to ensure that we are operating in a safe and controlled manner with the appropriate systems and procedures, monitoring and recording is a critical component of today's operating environment, particularly in light of the continued growth in claims and litigation.

A number of works were funded by North Lanarkshire Council capital programme throughout the year specifically with a view to improving health, safety and welfare, including;

- Introduction of £100,000 programme of inspections and works to upgrade emergency lighting in 25 venues to meet current fire safety standards.
- A £200,000 upgrade to the CCTV and fire detection system at Broadwood Stadium.
- A £140,000 upgrade of the fire detection systems at 6 venues to upgrade them to the Life (L1) standard and fire door replacement strategy agreed (to replace over 900 fire doors across the venues).

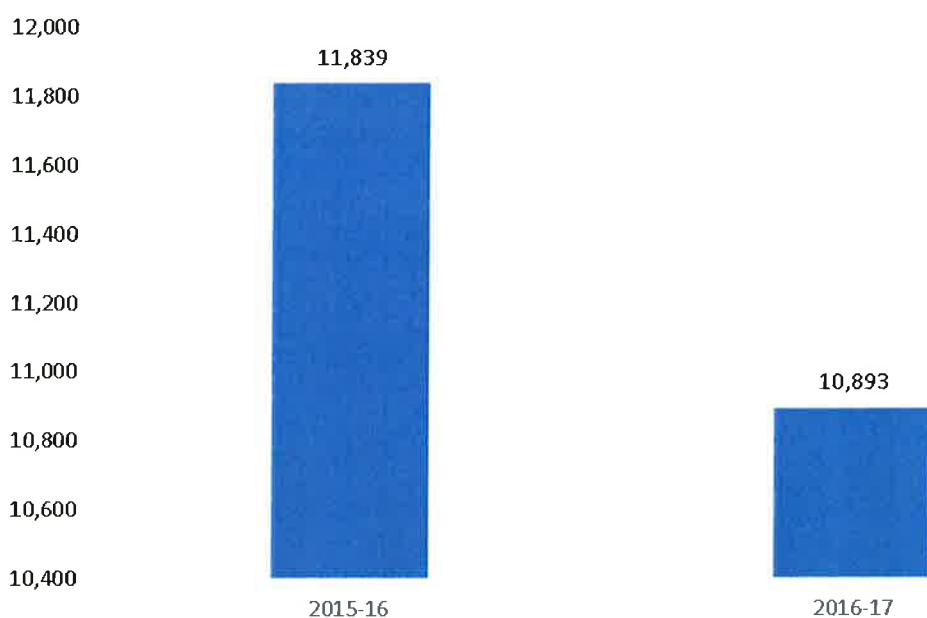
## North Lanarkshire Leisure Ltd

- Asbestos Management Surveys completed for all sites and an Asbestos Management Plan created.
- Legionella risk assessments undertaken at all sites with an associated action and treatment plan agreed.
- Over 60 health and safety and fire risk assessment audits undertaken during the year.

### The Environment

NLL is completely committed to working ethically and sustainably and reducing the impact of business operations on the environment, and accordingly committed to reducing the CO<sub>2</sub> output by a 1% target (118 Tonnes of carbon reduction, equating to a target of 11,721) for 2016-17.

### NLL's Carbon Footprint Reduction (Tonnes of CO<sub>2</sub>)



The graph shows that in actual fact NLL achieved a significant 8% reduction in carbon emissions compared to the previous year, which is the equivalent of saving 946 tonnes of carbon. A number of new initiatives and projects put in place by the Health, Safety & Estates Team and Finance Teams in partnership with staff charged with the energy use reduction mandate for North Lanarkshire Council have helped deliver this successful outcome; such as:

- Close monitoring of energy consumption and quick resolution to any identified issues
- A £20,000 programme of fixed electrical tests introduced
- A £45,000 replacement programme of 3 gas boilers at Wishaw Sports Centre, Iain Nicolson Recreation Centre and Bothwellhaugh Pavilion (funded by NLC Capital Programme)
- Commissioning of the Time Capsules' CHP Unit (Combined Heat and Power)
- New pool covers introduced for all NLL's swimming pools to reduce thermal loss overnight
- Continuation of lighting replacement programme and installation of movement sensors, where possible in conjunction with other projects

# North Lanarkshire Leisure Ltd

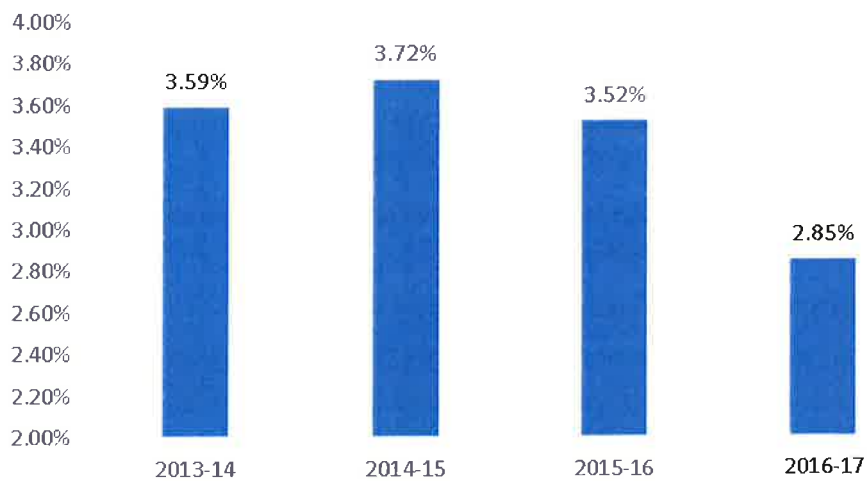
## Absence levels

The staff within North Lanarkshire Leisure are a highly motivated, professional team with a genuine passion for the sport, health and physical activity services NLL provides. This has been demonstrated by continued reductions in absence levels over the last decade.

After a slight increase to the absence levels to 3.72% in 2014-15, 2015-16 continues to show the normal pattern of reduction to 3.52%, with 2016-17 showing a significant reduction again to 2.85%.

Each 1% reduction in sickness absence levels has been estimated to save the company around £107,000 per year, which can then be reinvested in facilities, services, programmes and staff training, so this would equate to a saving of approximately £71,690 (0.67% reduction in sickness absence) for NLL in 2016-17 over the previous year.

NLL Sickness Absence



It is particularly gratifying to see good levels of attendance maintained, particularly in light of the recent internal challenges which the business has had to face and this only goes to reinforce how committed and dedicated the staff are to maintaining the levels of service delivery.

# North Lanarkshire Leisure Ltd

## Review of the Year

- The introduction of direct debit for swimming last year continues to perform well and is helping to retain children in the learn to swim programme for longer which will result in more children transitioning into clubs and developing into much more accomplished swimmers. This over the long-term will also improve NLL's ability to attract, train and retain good lifeguarding staff, cementing NLL's position as one of North Lanarkshire's leading employers of young people.
- £250,000 of refurbishment funding was found by North Lanarkshire Council following the closure of John Smith Pool as a result of fabric failure of the swimming pool. The works will also allow new gas boilers and the upgrade to heating, lighting and changing accommodation and disability access upgrades to be undertaken at the same time.
- An additional £100,000 has been allocated to the estates maintenance budget to address various maintenance and building improvement priorities.
- Upgrading of the gym and creation of a dedicated spinning studio at the Iain Nicolson Recreation Centre.
- Improved gym and health and fitness provision and the purchase of new equipment to enhance the gymnastics programme within the Keir Hardie Centre.
- Further investment in Bothwellhaugh pitches and pavilion and provision of meeting space for coaching and development programmes.
- Completion of artificial clay tennis courts at Broadwood Stadium.
- Events flooring purchased to cover and protect the indoor football pitch at Ravenscraig during events use, also available for events use at Broadwood Stadium pitch with associated 8,000 all covered seating to enhance and extend NLL's events provision.
- Major refurbishment of the Aquatec Leisure Pool, with additional pool features, improved health suite provision and the installation of pool view camera supervision technology to augment the lifeguard provision.
- Upgrade of Broadwood 5-a-side pitches and conversion of 2x5-a-side pitches at Ravenscraig to a 7-a-side pitch to reflect local demand.
- Refurbishment of Wishaw Athletics track, infield and throwing cage for the forthcoming British Transplant Games and lighting improvement works at Coatbridge track.
- The Active Schools Team and Kilbowie Outdoor Education Centre were successfully transferred back to North Lanarkshire Council on the 10<sup>th</sup> July 2016.
- NLL's employees are a key business resource and in accordance with the Human Resource and People Development Plan, many new areas were introduced; including:
  - Implementation of Living Wage Scotland
  - Completion of the 'Collective Agreement' with the Joint Consultative Committee (JCC) and employment representatives
  - A comprehensive staff survey was undertaken and results communicated back
  - Core Management Team (CMT) and Senior Management Team (SMT) meetings and appropriate functional areas cascade meetings re-introduced throughout the business
  - Introduction of a new staff appraisal, review and development process



## North Lanarkshire Leisure Ltd

- Introduction of over 100 e-learning module courses for staff in conjunction with CultureNL
- Thorough review of child protection policies and procedures and roll out training to a wide variety of staff
- Introduction of 'Ill Health' insurance policy to cover the additional costs associated with early ill health retiral
- Assisted North Lanarkshire to become the first local authority in Scotland to launch their 'Sporting Hall of Fame', housed at Ravenscraig Regional Sports Facility.
- NLL introduced several new group fitness programmes; including:
  - the new Les Mills 'Grit' programme to remain at the forefront of new Group Fitness programmes in Scotland
  - 'Teen Fit' sessions specifically designed and tailored to meet the needs of the teenage market
  - Reintroduction of chargeable USN Bootcamps
- NLL's membership scheme was further developed to include:
  - Single site options for Shotts and Keir Hardie
  - Children's golf tuition moved onto direct debit, increasing duration and retention in programme
  - Creation of a single 'learn to swim' waiting list rather than individual sites to allow faster allocation of spaces and 'Learn 2' software introduced to allow swim teacher and parents real time tracking of swimmers as the progress through each stage of the swimming development programme
  - Fee introduced for regular non-attenders of booked classes to improve availability of places to other members
  - Expansion of direct debit tennis membership 'add on' for Cumbernauld Tennis Club using the new tennis courts at Broadwood.
- The catering and vending operation was reviewed to increase profitability and new NL café areas introduced and rebranded and various birthday party package options introduced.
- Continuation of structural and service review to better meet business and service needs and to operate as efficiently and effectively as possible, whilst delivering savings where required.
- Introduction of contactless payment.
- Public wi-fi now available in all venues and corporate wi-fi installed to support the roll out of 'Learn 2' sports development software.
- Disaster recovery systems and processes upgraded.
- Introduction of new ISDN lines at Broadwood to support filming and media functions related to special event requirements.
- A programme of professional 'Mystery Visits' has been put in place to assess service provision throughout North Lanarkshire.
- Assist North Lanarkshire Council with the planning, preparation and delivery of the sports and social programme associated with the 2017 British Transplant Games from Wednesday 26<sup>th</sup> to Sunday 30<sup>th</sup> July 2017.
- In conjunction with ClubsportNL, deliver a 'Sports Summit' training weekend on the 17th and 18th June 2017.

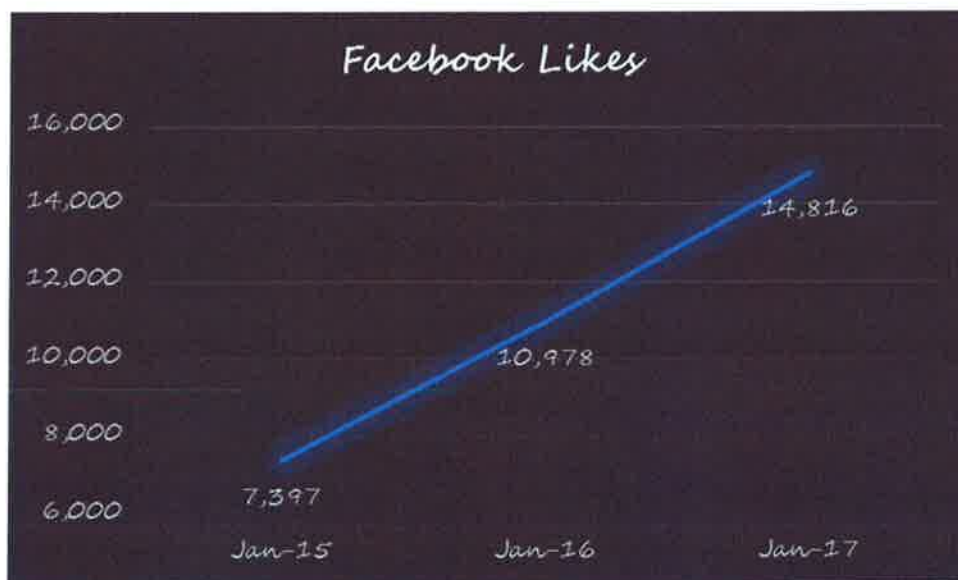
# North Lanarkshire Leisure Ltd

## Marketing & Promotions

With investment in staff training to maximise search engine optimisation, the setting up of a Google Ads Account and the use of Survey Monkey to gather service users views, the very successful Clyde 1 Radio Campaign, improved video content and personal testimonials; NLL's website and social media presence continues to grow year on year.



95%  
increase in  
3 years



100%  
increase in  
3 years

# North Lanarkshire Leisure Ltd

## Financial Review

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 2016/17 amounted to £9,020,141. Unrestricted income excluding management fee and pensions amounted to £16,214,627 during the year which is a 1.8% increase on 2015/16. During 2016/17 NL Leisure had an approved budgeted deficit of £254,099 and the actual deficit from the general fund for the year is £280,175.

The Board are satisfied with the financial performance of the company during 2016/17.

### 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 have forecast the level of general unrestricted reserves NL Leisure will require in order to sustain its operations over a period 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, the Directors consider the most appropriate level of unrestricted general reserves to be no more than 4% of gross expenditure. The general reserve of £1,635,757 detailed below represents 6.5% of gross expenditure. Although higher than the targeted level the Board are satisfied with this given the fluctuating trading position during 2016/17.

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 within this is relating to the outstanding depreciation on these investments. No additional funds have been designated since 2014/15.

There was a deficit of reserves at 31 March 2017 of £(10,519,011) comprising the following:

restricted funds	£109,999
unrestricted general fund	£1,635,756
designated fund – assets & infrastructure	£725,000
designated funds – operational commitments	£24,234
pension fund as required by FRS102	£(13,014,000)

The Directors' believe that it is prudent to ensure that there are sufficient unrestricted reserves to provide flexibility over the course of the future development areas. To this end, the level of reserves will continue to be reviewed annually.

# North Lanarkshire Leisure Ltd

## Plans for future periods

- Introduction of direct debit for a new range of sports development programmes and roll out of Learn 2 software to other sports development programmes following the successful application to NLL's Learn to Swim programmes.
- Assist North Lanarkshire Council, SportScotland and other strategic partners in developing a new sports strategy and revised pitch sports strategy for North Lanarkshire.
- Extend partnership with after school care provision to additional venues.
- Introduction and analysis of the 2017/18 NLL staff survey.
- Assist North Lanarkshire Council with the planning and preparation to deliver the rowing and triathlon competitions as part of the 2018 Glasgow and Berlin European Championships:
  - Rowing – 2<sup>nd</sup> to 5<sup>th</sup> August 2018 in Strathclyde Country Park
  - Triathlon – 9<sup>th</sup> to 11<sup>th</sup> August 2018 in Strathclyde Country Park
- Further participate in NLC's Arms-Length External Organisation (ALEO) review and performance monitoring process, and assist with any future service re-modelling requirements; as required.
- Investigate, prepare and submit a bid to SportScotland and Tennis Scotland for an Indoor Tennis Centre (ITC) at Ravenscraig RSF.
- Continue to develop the bid for a cycling hub to be located at Broadwood Stadium.
- Continue to restructure the organisation to meet service, governance and business development objectives.
- Continue the process of transferring casual lifeguards, leisure attendants, catering staff and sports development coaches to variable contracts.
- Agreement and implementation of new NLL general and site specific induction programmes.
- Preparation of a new 3 year Business Plan for NLL in conjunction with the Board of Directors, management team, partners and staff of NLL, covering the period 1st April 2018 to 31st March 2021, linking to the North Lanarkshire Council Business Plan. This will take into account the ongoing challenging economic conditions and pressures on public spending to focus the organisation on growing revenues, identifying efficiencies and targeting return on investment opportunities.
- Assist NLC in the transition from the former Single Outcome Agreements (SOA) to the new Local Outcome Improvement Plans (LOIPS) in connection with the venues, services and programmes NLL delivers on behalf of NLC.
- Continue to assist NLL in the preparation, development and execution of tourism and events development programmes where they relate to NLL's functions.
- Assist North Lanarkshire in delivering the second tranche of inductees for the 2018 'Sporting Hall of Fame'.
- Introduce new posts in the structure, including:
  - Procurement Officer
  - Additional Health & Safety Officer
  - Service Improvement Officer

## North Lanarkshire Leisure Ltd

- Continue to work with the North Lanarkshire Health and Social Care Partnership and the Integrated Joint Board to further raise the profile of the role that sport and physical activity can play in the promotion and achievement of health and wellbeing among the communities and endeavour to secure continuation of funding for the existing joint programmes and activities.

### **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.

### **Auditor**

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and RSM LLP will therefore continue in office.

# North Lanarkshire Leisure Ltd

## Principal Risks and Uncertainties

NL Leisure has a risk management policy that states that the Company will:

- identify and record the risks to the achievement of the charitable objectives;
- assess the risks to determine if they are acceptable with existing controls or require additional treatment;
- respond appropriately to the risks, based on the assessment; and
- monitor and report on the current status of risks and the effectiveness of their controls.

A risk register has been established to assist in assessing the risks based on the NL Leisure's achievement of the charitable objectives. The resultant actions required to monitor and mitigate these risks is then considered and prioritised in light of the NL Leisure's exposure.

The top 5 risks detailed in this are as follows:

Risk	Action
Fundamental changes to Key Funding Agreement with North Lanarkshire Council or Constitutional changes	<ul style="list-style-type: none"> <li>• Continue effective partnership agreement with NLC as the sole member.</li> </ul>
Inability to gain access to sufficient capital to maintain and grow services	<ul style="list-style-type: none"> <li>• Prioritise capital investment opportunities with clear and quick payback opportunities</li> <li>• Investigate alternative funding opportunities</li> <li>• Secure longer-term funding agreement from NLC to support borrowing opportunities</li> </ul>
Successful budget management of income and expenditure	<ul style="list-style-type: none"> <li>• Continue to improve management reporting</li> <li>• Improve procurement processes</li> <li>• Develop a culture of regular and proactive performance management</li> <li>• Identify growth and efficiency opportunities</li> </ul>
Entry of competition to local market	<ul style="list-style-type: none"> <li>• Ensure competitors movements are regularly reviewed and monitored, with a strategic approach in place to minimise impact.</li> </ul>
Failure of IT systems including the network and firewall resulting in loss/breach of functionality, software or data	<ul style="list-style-type: none"> <li>• Business continuity procedures</li> <li>• Monitoring/logging fault procedures</li> <li>• Help desk services</li> <li>• 3rd party support</li> <li>• Regular testing</li> <li>• Robust backup procedures</li> </ul>

NL Leisure has a dedicated post of Head of Health, Safety and Estates supported by a Health and Safety team, to oversee the key risk to the organisation. Activity in the area of risk mitigation has focussed on Critical Incident and Business Continuity issues with awareness sessions and workshops being delivered to senior managers.

# North Lanarkshire Leisure Ltd

## 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 Business 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 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 Business 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;

## North Lanarkshire Leisure Ltd

- Directors have received training on their expected roles and responsibilities designed to enable them to effectively discharge their duties; and
- 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 Issues

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 2017.



**Chair**

**D. Gamble**

**Date:**

4<sup>th</sup> Oct. 2017.

**Registered Office:**

Broadwood HQ

1 Ardgoil Drive

Cumbernauld, G68 9NE



# 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 have 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 period. 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  
D. Gamble  
Date:

  
4<sup>th</sup> Oct. 2017

**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 on financial statements

We have audited the financial statements of the parent charitable company and its subsidiaries for the year ended which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group and Parent Charitable Company Cash Flow Statements 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017; and of the group's and the parent charitable company's incoming resources and application of resources, including their 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 regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees'/Directors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Trustees'/Directors' Report and the incorporated Strategic Report *1* 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 group and the parent charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees'/Directors' Report and the incorporated Strategic 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) requires us to report to you if, in our opinion:

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

## North Lanarkshire Leisure Ltd

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' responsibilities set out on page 23 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under 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 (APB's) Ethical Standards for Auditors

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 charitable company'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 charitable company'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 charitable company, 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

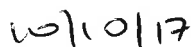
Chartered Accountants

Third Floor, Centenary House

69 Wellington Street

Glasgow

G2 6HG



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

## Consolidated Statement of Financial Activities for the year ended 31 March 2017 (incorporating the income and expenditure account)

Note	General Fund 2017	Pension Fund 2017	Designated Fund 2017	Total Unrestricted funds 2017	Restricted funds 2017	Total 2017	Total 2016	
	£	£	£	£	£	£	£	
<b>Income and endowments</b>								
Incoming resources from trading activities								
Other trading activities:								
	Catering	1,383,625	-	-	1,383,625	-	1,383,625	1,364,996
	Rental income	302,566	-	-	302,566	-	302,566	151,390
	Merchandising	214,448	-	-	214,448	-	214,448	209,958
2	Income from Investments	4,578	-	-	4,578	-	4,578	8,165
	<i>Total income and endowments from trading activities</i>	<b>1,905,217</b>	-	-	<b>1,905,217</b>	-	<b>1,905,217</b>	1,734,509
Income from charitable activities								
3	Advancement of health, education and sport	23,313,362	-	-	23,313,362	326,827	23,640,189	26,785,594
	<b>Total income and endowments</b>	<b>25,218,579</b>	-	-	<b>25,218,579</b>	<b>326,827</b>	<b>25,545,406</b>	28,520,103
<b>Expenditure on:</b>								
Raising funds:								
	Catering	1,523,969	-	-	1,523,969	-	1,523,969	1,624,292
	Merchandising	108,870	-	-	108,870	-	108,870	97,912
5	<i>Total costs of raising funds</i>	<b>1,632,839</b>	-	-	<b>1,632,839</b>	-	<b>1,632,839</b>	1,722,204
Charitable activities								
7	Advancement of health, education and sport	23,865,915	665,000	207,600	24,738,515	354,327	25,092,842	28,418,332
	<b>Total Expenditure</b>	<b>25,498,754</b>	<b>665,000</b>	<b>207,600</b>	<b>26,371,354</b>	<b>354,327</b>	<b>26,725,681</b>	30,140,536
17	Net movement in funds and net income for the year	(280,175)	(665,000)	(207,600)	(1,152,775)	(27,500)	(1,180,275)	(1,620,433)
	Actuarial loss on defined benefit pension scheme	-	(7,731,000)	-	(7,731,000)	-	(7,731,000)	6,642,000
	Transfer between funds	-	-	-	-	-	-	-
	<b>Net movement in funds</b>	<b>(280,175)</b>	<b>(8,396,000)</b>	<b>(207,600)</b>	<b>(8,883,775)</b>	<b>(27,500)</b>	<b>(8,911,275)</b>	5,021,567
	Fund balances brought forward at 1 April 2016	1,879,384	(4,618,000)	956,834	(1,781,782)	137,499	(1,644,283)	(6,665,850)
18	<b>Total funds carried forward at 31 March 2017</b>	<b>1,599,209</b>	<b>(13,014,000)</b>	<b>749,234</b>	<b>(10,665,557)</b>	<b>109,999</b>	<b>(10,555,558)</b>	(1,644,283)

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.  
The notes on pages 31 to 45 form part of the financial statements.

# North Lanarkshire Leisure Ltd

## Company Statement of Financial Activities for the year ended 31 March 2017 (incorporating the income and expenditure account)

Note	General Fund 2017	Pension Fund 2017	Designated Fund 2017	Total Unrestricted funds 2017	Restricted funds 2017	Total 2017	Total 2016
	£	£	£	£	£	£	£
<b>Income and endowments</b>							
Incoming resources from trading activities							
Other trading activities:							
Catering	1,368,005	-	-	1,368,005	-	1,368,005	1,356,069
Rental income	302,566	-	-	302,566	-	302,566	151,390
Merchandising	214,448	-	-	214,448	-	214,448	209,958
Income from Investments	4,578	-	-	4,578	-	4,578	8,165
<i>Total income and endowments from trading activities</i>	<b>1,889,597</b>			<b>1,889,597</b>		<b>1,889,597</b>	<b>1,725,582</b>
Income from charitable activities							
Advancement of health, education and sport	23,313,362	-	-	23,313,362	326,827	23,640,189	26,785,594
<b>Total income and endowments</b>	<b>25,202,959</b>			<b>25,202,959</b>	<b>326,827</b>	<b>25,529,786</b>	<b>28,511,176</b>
<b>Expenditure on:</b>							
Raising funds:							
Catering	1,508,349	-	-	1,508,349	-	1,508,349	1,615,364
Merchandising	108,870	-	-	108,870	-	108,870	97,912
<i>Total costs of raising funds</i>	<b>1,617,219</b>			<b>1,617,219</b>		<b>1,617,219</b>	<b>1,713,276</b>
Charitable activities							
Advancement of health, education and sport	23,865,915	665,000	207,600	24,738,515	354,327	25,092,842	28,418,333
<b>Total Expenditure</b>	<b>25,483,134</b>	<b>665,000</b>	<b>207,600</b>	<b>26,355,734</b>	<b>354,327</b>	<b>26,710,061</b>	<b>30,131,609</b>
Net movement in funds and net income for the year	(280,175)	(665,000)	(207,600)	(1,152,775)	(27,500)	(1,180,275)	(1,620,433)
Actuarial loss on defined bene pension scheme	-	(7,731,000)	-	(7,731,000)	-	(7,731,000)	6,642,000
Transfer between funds	-	-	-	-	-	-	-
<b>Net movement in funds</b>	<b>(280,175)</b>	<b>(8,396,000)</b>	<b>(207,600)</b>	<b>(8,883,775)</b>	<b>(27,500)</b>	<b>(8,911,275)</b>	<b>5,021,567</b>
Fund balances brought forward at 1 April 2016	1,879,384	(4,618,000)	956,834	(1,781,782)	137,499	(1,644,283)	(6,665,850)
<b>Total funds carried forward at 31 March 2017</b>	<b>1,599,209</b>	<b>(13,014,000)</b>	<b>749,234</b>	<b>(10,665,557)</b>	<b>109,999</b>	<b>(10,555,558)</b>	<b>(1,644,283)</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.

# North Lanarkshire Leisure Ltd

## Consolidated Balance Sheet as at 31 March 2017

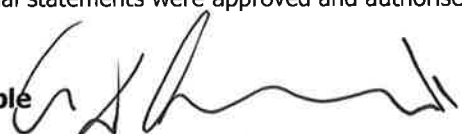
		2017	2017	2016	2016
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	15		3,193,276		3,530,436
<b>Current assets</b>					
Stocks	12	56,931		102,713	
Debtors	13	1,379,171		1,837,026	
Cash at bank and in hand		1,003,656		1,893,885	
		<u>2,439,758</u>		<u>3,833,624</u>	
<b>Current liabilities</b>					
Creditors (amounts falling due within one year)	14	(3,174,592)		(4,390,343)	
<b>Net current (liabilities)</b>			(734,834)		(556,719)
<b>Net assets excluding pension fund</b>			<u>2,458,442</u>		<u>2,973,717</u>
<b>Pension fund (liability)</b>	22	(13,014,000)		(4,618,000)	
<b>Net liabilities</b>			<u>(10,555,558)</u>		<u>(1,644,283)</u>
<b>Funds</b>					
Restricted funds	16		109,999		137,499
Unrestricted funds	17				
Designated fund - assets & infrastructure		725,000		932,600	
Designated fund – operational commitments		24,234		24,234	
General fund		1,599,209		1,879,384	
Unrestricted funds excluding pension reserve		2,348,443		2,836,218	
Pension reserve	22	(13,014,000)		(4,618,000)	
<b>Total unrestricted funds</b>			(10,665,557)		(1,781,782)
<b>Total funds</b>	18		<u>(10,555,558)</u>		<u>(1,644,283)</u>

The Company registration number is **SC365792**.

The notes on pages 31 to 45 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  
D. Gamble  
Date:



4 Oct 2017

# North Lanarkshire Leisure Ltd

## Company Balance Sheet as at 31 March 2017


	Note	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	15		3,193,276		3,530,436
Investments	11		100		100
<b>Current assets</b>					
Stocks	12	56,061		101,518	
Debtors	13	1,418,962		1,865,836	
Cash at bank and in hand		962,591		1,863,075	
		<u>2,437,614</u>		<u>3,830,429</u>	
<b>Current liabilities</b>					
Creditors (amounts falling due within one year)	14	<u>(3,172,548)</u>		<u>(4,387,248)</u>	
<b>Net current (liabilities) / assets</b>			<b>(734,934)</b>		<b>(556,819)</b>
<b>Net assets excluding pension fund (liability)</b>			<u>2,458,442</u>		<u>2,973,717</u>
<b>Pension fund (liability)</b>	22	<u>(13,014,000)</u>		<u>(4,618,000)</u>	
<b>Net liabilities</b>			<u><b>(10,555,558)</b></u>		<u><b>(1,644,283)</b></u>
<b>Funds</b>					
Restricted funds	16		109,999		137,499
Unrestricted funds	17				
Designated fund - assets & infrastructure		725,000		932,600	
Designated fund – operational commitments		24,234		24,234	
General fund		<u>1,599,209</u>		<u>1,879,384</u>	
Unrestricted funds excluding pension reserve		<u>2,348,443</u>		<u>2,836,218</u>	
Pension reserve	22	<u>(13,014,000)</u>		<u>(4,618,000)</u>	
<b>Total unrestricted funds</b>			<b>(10,665,557)</b>		<b>(1,781,782)</b>
<b>Total funds</b>		19	<u><b>(10,555,558)</b></u>		<u><b>(1,644,283)</b></u>

The Company registration number is **SC365792**.

The notes on pages 31 to 45 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  
D. Gamble  
Date:

  
4<sup>th</sup> Oct 2017

# North Lanarkshire Leisure Ltd

## Consolidated Statement of Cash Flows for the year ended 31 March 2017

	Note	2017 £	2016 £
<b>Cash Flows from Operating Activities</b>	20		
Net cash provided by operating activities		<b>351,599</b>	<b>289,600</b>
<b>Cash Flows from Investing Activities</b>			
Dividend, Interest and rents from investments		<b>4,578</b>	<b>8,165</b>
Purchase of property, plant and equipment		<b>(474,224)</b>	<b>(599,068)</b>
<b>Net Cash used in investing activities</b>		<b>(469,646)</b>	<b>(590,903)</b>
<b>Cash Flows from Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(118,047)</b>	<b>(301,303)</b>
Cash and Cash equivalents at the beginning of the reporting period		<b>983,033</b>	<b>1,284,336</b>
Change in cash and cash equivalents due to exchange rate movements		<b>-</b>	<b>-</b>
Cash and Cash equivalents at the end of the reporting period		<b>864,986</b>	<b>983,033</b>

The notes on pages 31 to 45 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 registered office details and principal activities are outlined in the Strategic Report on pages 5 – 8.

#### 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 2015) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

#### Going Concern

The accounts are prepared on a going concern basis. The group has total unrestricted funds before the pension reserve of £2,348,444 (2016: 2,836,218) and total funds before the pension reserve of £2,458,443 (2016: £2,973,717). At 31 March 2017 the pension deficit is as a result of the inclusion of the retirement benefit obligations in accordance with the accounting treatment required by FRS102 Retirement 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. The Trustees also take comfort from the guarantee received from North Lanarkshire Council that it will provide the Company with the necessary funding to allow it to meet future pension obligations.

A new Funding Agreement with North Lanarkshire Council was approved and signed by both parties in January 2014. Furthermore, the Council has annual approved efficiency savings of £300,000 from the NL LEISURE Management Fee for the period 2016/17 to 2018/19. The preparation of the accounts on a going concern basis presupposes that the annual management fee is agreed with the Council for the period to 31 March 2019, which ensures the continued financial viability of the company. The directors are satisfied therefore that a going concern basis is appropriate.

#### 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.

# North Lanarkshire Leisure Ltd

## Income

All income is included in the Statement of Financial Activities in the period 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. 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.

## Expenditure

All liabilities are recognised as resources expended as soon as there is a legal or contractive 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 to income on a straight-line basis over the lease term.

## 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. 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 – 25 years
Plant & equipment	3 years – 5 years
Furniture & fittings	5 years – 10 years
Computer equipment	3 years – 5 years

# North Lanarkshire Leisure Ltd

## **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.

# North Lanarkshire Leisure Ltd

## 2. Investment income – Group and Company

	2017	2016
	£	£
Bank and other interest	4,578	8,165
	<u>4,578</u>	<u>8,165</u>

## 3. Income from charitable activities – Group

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total 2017 £	Total 2016 £
Income from operating activities	14,293,221	-	14,293,221	14,201,350
Income from contract with North Lanarkshire Council	9,020,141	-	9,020,141	12,090,997
Grant Funding	-	326,827	326,827	493,247
	<u>23,313,362</u>	<u>326,827</u>	<u>23,640,189</u>	<u>26,785,594</u>

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

## 4. Income from charitable activities – Company

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total 2017 £	Total 2016 £
Income from operating activities	14,293,221	-	14,293,221	14,201,350
Income from contract with North Lanarkshire Council	9,020,141	-	9,020,141	12,090,997
Grant Funding	-	326,827	326,827	493,247
	<u>23,313,362</u>	<u>326,827</u>	<u>23,640,189</u>	<u>26,785,594</u>

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

## 5. Catering & merchandising costs - Group

	Catering 2017 £	Merchandising 2017 £	Total 2017 £	Total 2016 £
Salaries & wages	556,882	-	556,882	647,261
Property costs	44	-	44	-
Supplies & services	12,684	108,870	121,554	103,829
Other expenditure	747,555	-	747,555	744,443
Support Costs	206,804	-	206,804	226,671
	<u>1,523,969</u>	<u>108,870</u>	<u>1,632,839</u>	<u>1,722,204</u>

# North Lanarkshire Leisure Ltd

## 6. Catering & merchandising costs - Company

	Catering 2017 £	Merchandising 2017 £	Total 2017 £	Total 2016 £
Salaries & wages	556,882	-	556,882	647,261
Property costs	-	-	-	-
Supplies & services	11,974	108,870	120,844	103,829
Other expenditure	732,689	-	732,689	735,516
Support Costs	206,804	-	206,804	226,671
	<b>1,508,349</b>	<b>108,870</b>	<b>1,617,219</b>	<b>1,713,277</b>

## 7. Charitable Activities – Group and Company

	Unrestricted Funds		Designated Funds 2017 £	Restricted Funds 2017 £	Total 2017 £	Total 2016 £
	Direct 2017 £	Support 2017 £				
Salaries & wages	13,460,918	1,577,845	-	196,448	15,235,211	16,900,703
Property Costs	3,993,123	35,176	-	16,296	4,044,595	4,295,652
Supplies & services	1,097,303	194,827	-	26,015	1,318,145	1,325,935
Pension Costs	665,000	-	-	-	665,000	1,327,000
Other Expenditure	1,559,561	1,869,591	207,600	115,568	3,752,320	4,509,957
Governance Costs	-	77,572	-	-	77,572	128,109
	<b>20,775,905</b>	<b>3,755,011</b>	<b>207,600</b>	<b>354,327</b>	<b>25,092,843</b>	<b>28,487,356</b>

## 8. Allocation of support costs

	Operations 2017 £	Catering 2017 £	Sports Development 2017 £	Total 2017 £	Basis of Allocation
Management	2,562,337	141,566	212,348	2,916,251	Employee Numbers
Finance	194,084	13,940	9,655	217,679	Budget
Information Technology	405,609	33,990	31,724	471,323	Number of PC's
Human Resources	313,290	17,308	25,963	356,561	Employee Numbers
Total	<b>3,475,320</b>	<b>206,804</b>	<b>279,690</b>	<b>3,961,814</b>	

## 9. Governance costs – Group and Company

	2017 £	2016 £
Allocation of staff and support costs	21,738	27,817
Internal Audit Fees	4,000	4,000
Audit fees		
Audit of these financial statements	14,700	12,472
Tax Services	5,800	9,145
Other professional fees and costs	31,334	74,676
	<b>77,572</b>	<b>128,110</b>

# North Lanarkshire Leisure Ltd

## 10. Staff numbers and costs

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages & salaries	<b>12,715,719</b>	14,544,334
Redundancy Costs	<b>428,421</b>	393,170
Payments in lieu of notice	<b>82,020</b>	25,466
Social security costs	<b>940,939</b>	828,521
	<b>14,167,099</b>	15,791,491
Pension costs		
Current Service Cost	<b>2,242,000</b>	2,856,000
Loss on curtailment	-	51,000
Net Interest Cost	<b>175,000</b>	344,000
	<b>16,584,099</b>	19,042,491

Key Management Personnel receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
£60,000 - £70,000	-	1
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-
£90,000 - £100,000	-	-
£100,000 - £110,000	-	1

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Salary and benefits – Managing Director	<b>80,697</b>	105,223
Salary and benefits – Corporate Management Team	<b>315,166</b>	387,079

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Administration staff (e.g. Venue Managers, Health & Fitness Managers, Receptionists, Sport Development Officers, Swimming Teachers, Engineers & Head Office staff)	<b>233</b>	265
Leisure staff (e.g. Leisure Attendants, Catering Staff, Gym Instructors & Cleaners)	<b>255</b>	263
Sessional staff	<b>361</b>	408
Total	<b>849</b>	936

Other than Trustees, Indemnity Insurance only 1 member of the Board received expenses from NLL in their capacity as a Director. These were in relation to travel costs for attending Board and Committee meetings and amounted to £248 (2015/16 £836). Board Directors are eligible for discounted membership of the Access NL gym membership scheme and 4 Directors have taken advantage of this at no cost to the company.

# North Lanarkshire Leisure Ltd

Two Board members were employed by the Company and received remuneration and pension as employees totalling £91,609 during 2016/17 which is split £44,044 and £47,606 and can be broken down as follows:

	2017	2017	2016	2016	2016
	£	£	£	£	£
Salary	29,952	36,651	29,526	45,555	33,998
Overtime	5,006	-	6,503	-	-
Contractual Overtime	-	-	-	-	-
Other Pay Items	-	-	-	-	-
Pension	5,341	7,017	5,382	8,792	6,561
National Insurance Contributions	3,705	3,938	2,827	4,003	2,615
Car Allowances	-	-	-	-	-
<b>Total</b>	<b>44,004</b>	<b>47,606</b>	<b>44,238</b>	<b>58,350</b>	<b>43,174</b>

## 11. Trading Subsidiary

A trading subsidiary, North Lanarkshire Leisure Trading CIC Limited, was established on 18 September 2009 to conduct the conferencing and banqueting business carried out at Broadwood Stadium as well as events such as Championship Snooker and Darts at Ravenscraig. The share capital of the trading company, to a nominal value of £100, is held entirely by North Lanarkshire Leisure Limited.

The incoming resources and expenses of the subsidiary are disclosed within the consolidated accounts. The trading surplus for 2016/17 has been distributed to NL Leisure Ltd.

A summary of the results of the subsidiary are shown below:

	2017	2016
	£	£
Turnover	73,386	54,080
Administrative expenses	(69,841)	(47,165)
Other operating income	-	-
<b>OPERATING PROFIT</b>	<b>3,545</b>	<b>6,915</b>
<b>NET RESULT</b>	<b>(3,545)</b>	<b>(6,915)</b>

The assets and liabilities of the subsidiary were:

	2017	2016
	£	£
Assets	59,911	48,348
Liabilities	(59,811)	(48,248)
Funds	100	100

The liability represents the gift aid to North Lanarkshire Leisure Limited.

## North Lanarkshire Leisure Ltd

### 12. Stock

	Group	Company	Group	Company
	2017	2017	2016	2016
	£	£	£	£
Stock	<u>56,931</u>	<u>56,061</u>	<u>102,713</u>	<u>101,518</u>

### 13. Debtors

	Group	Company	Group	Company
	2017	2017	2016	2016
	£	£	£	£
Trade Debtors	298,077	280,117	273,952	266,634
Amounts due from related party	954,909	954,909	1,388,172	1,388,057
Prepayments and accrued income	126,185	126,395	174,902	165,877
Due from Group Company	-	57,541	-	45,268
	<u>1,379,171</u>	<u>1,418,962</u>	<u>1,837,026</u>	<u>1,865,836</u>

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

	Group	Company	Group	Company
	2017	2017	2016	2016
	£	£	£	£
Bank overdraft	(138,670)	(138,670)	(910,852)	(910,852)
Trade creditors	(411,603)	(406,372)	(339,865)	(339,740)
Other taxes and social security costs	(539,252)	(539,252)	(708,939)	(708,939)
Amount due to related party	(223,140)	(223,140)	(387,114)	(387,114)
Other creditors and accruals	(1,861,927)	(1,860,102)	(2,043,573)	(2,040,603)
Amounts due to group		(5,012)		
	<u>(3,174,592)</u>	<u>(3,172,548)</u>	<u>(4,390,343)</u>	<u>(4,387,248)</u>

### 15. Tangible fixed assets (Group and Company)

	Leasehold Improvements	Furniture & Fittings	Plant & Equipment	Computer Equipment	Total Assets
	£	£	£	£	£
Cost at 1 April 2016	4,908,199	392,003	1,868,452	553,345	7,721,999
Additions	297,224	4,678	156,690	15,632	474,224
Disposals	(227,109)	(118,724)	(239,571)	(8,333)	(593,737)
Gross book value as at 31 March 2017	<u>4,978,314</u>	<u>277,957</u>	<u>1,785,571</u>	<u>560,643</u>	<u>7,602,486</u>
Depreciation at 1 April 2016	2,119,525	266,130	1,345,833	460,075	4,191,563
Depreciation provided for year	581,644	29,575	141,534	58,631	811,384
Depreciation on disposals	(227,109)	(118,724)	(239,571)	(8,333)	(593,737)
Cumulative depreciation as at 31 March 2017	<u>2,474,060</u>	<u>176,980</u>	<u>1,247,796</u>	<u>510,374</u>	<u>4,409,210</u>
<b>Net book value as at 31 March 2017</b>	<u>2,504,254</u>	<u>100,976</u>	<u>537,775</u>	<u>50,271</u>	<u>3,193,276</u>
Net book value as at 31 March 2016	<u>2,788,674</u>	<u>125,873</u>	<u>522,619</u>	<u>93,270</u>	<u>3,530,436</u>



# North Lanarkshire Leisure Ltd

## 16. Restricted funds (Group and Company)

	Projects - General	Projects - NHS	Projects - FNP	Programmes	Capital Grant	Total Restricted Funds
Balance as at 1 April 2016	-	-	-	-	137,499	137,499
Income	(101,847)	(72,179)	(102,610)	(50,191)	-	(326,827)
Expenditure	101,847	72,179	102,610	50,191	27,500	299,327
Balance as at 31 March 2017	-	-	-	-	109,999	109,999

### Projects: General

These include the Saturday Sports scene project which provides diversionary activities across 4 sites in North Lanarkshire and the Active Communities project which delivers Gaelic football programmes. The main funders in this area are North Lanarkshire Council.

### Projects: NHS

There are a number of specific projects which the NHS have continued to fund since 2011 and these include Well Connected and Adult and Child Weight Management.

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.

### Programmes

Part of this is specific funding received from North Lanarkshire Council for the Cumbernauld 10K. There has also been specific funding received for separate projects which include McMillan Move More, Outreach, Syrian Refugees and Broadwood Travel Hub.

### Capital Grant

£148,718 b/fwd from 2010/11 for Gym Equipment at Broadwood. In 2011/12 £225,000 was received from Sportscotland, £30,000 from Viridor & £20,000 from R&A towards funding improvements at Lochview. A further £15,000 was received from Sportscotland towards pool timing equipment at Sir Matt Busby Sports Complex. This is being recognised to match the depreciation on these projects over the remaining useful life of the equipment. No capital grant was received in 2016/17.

## 17. Movement in reserves (Group and Company)

	Unrestricted Fund			Restricted Fund	Total Funds
	Designated Fund	General Fund	Pension Reserve		
	£	£	£	£	£
Opening reserves at 1 April 2016	956,834	1,879,384	(4,618,000)	137,499	(1,644,283)
Add deficit for the period	(207,600)	(280,175)	(665,000)	(27,500)	(1,180,275)
Transfer between funds:					
Actuarial loss for the period	-	-	(7,731,000)	-	(7,731,000)
Reserves at 31 March 2017	749,234	1,599,209	(13,014,000)	109,999	(10,555,558)

The Designated Fund was created to pay for the depreciation on assets which were purchased from in the years 2006/07 to 2014/15. This designated fund will be drawn down over the useful life of the assets.

# North Lanarkshire Leisure Ltd

## 18. Analysis of net assets between funds - Group

	Unrestricted Funds			Restricted	Totals
	General	Pension	Designated	Funds	
	2017	2017	2017	2017	
	£	£	£	£	£
<b>Fund balances at 31 March 2017 are represented by:</b>					
Tangible fixed assets	2,334,043	-	749,234	109,999	3,193,276
Current assets	2,439,758	-	-	-	2,439,758
Current liabilities	(3,174,592)	-	-	-	(3,174,592)
Pension Fund Liability		(13,014,000)	-	-	(13,014,000)
	<b>1,599,209</b>	<b>(13,014,000)</b>	<b>749,234</b>	<b>109,999</b>	<b>(10,555,558)</b>

## 19. Analysis of net assets between funds – Company

	Unrestricted Funds			Restricted	Totals
	General	Pension	Designated	Funds	
	2017	2017	2017	2017	
	£	£	£	£	£
<b>Fund balances at 31 March 2017 are represented by:</b>					
Tangible fixed assets	2,334,043	-	749,234	109,999	3,193,276
Investments	100	-	-	-	100
Current assets	2,437,614	-	-	-	2,437,614
Current liabilities	(3,172,548)	-	-	-	(3,172,548)
Pension Fund Liability		(13,014,000)	-	-	(13,014,000)
	<b>1,599,209</b>	<b>(13,014,000)</b>	<b>749,234</b>	<b>109,999</b>	<b>(10,555,558)</b>

## 20. Notes to the statement of cash flows

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

	2017	2016
	£	£
Net expenditure for the year	(1,180,276)	(1,620,433)
Adjustments for:		
Depreciation charges	811,384	834,109
Dividends, interest and rents from investments	(4,578)	(8,165)
Net pension adjustment FRS102	665,000	1,327,000
Decrease in stocks	45,783	(5,420)
Decrease in debtors	457,855	1,441,606
Decrease in creditors	(443,569)	(1,679,097)
<b>Net cash provided from operating activities</b>	<b>351,599</b>	<b>289,600</b>

### Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	1,003,656	1,893,885
Overdraft facility repayable on demand	(138,670)	(910,852)
<b>Total Cash and Cash Equivalents</b>	<b>864,986</b>	<b>983,033</b>

# North Lanarkshire Leisure Ltd

## 21. Commitments

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

	Land & Buildings 2017 £	Other 2017 £	Total 2017 £	Total 2016
Operating leases which expire:				
In Year one		620,841	620,841	607,175
In the second to fifth years inclusive	-	562,199	562,199	1,038,366
	-	<b>1,183,040</b>	<b>1,183,040</b>	<b>1,645,541</b>

## 22. 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 2016. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2017 using the following assumptions.

	2017	2016
Rate of increase in salaries	4.4%	4.2%
Rate of increase in pensions in payment	2.4%	2.2%
Discount rate	2.7%	3.6%

	2017		2016	
	Males	Females	Males	Females
Post Retirement Mortality				
Current Pensioners	22.1 years	23.6 years	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years	24.8 years	26.2 years

The Fair value of employer assets are:

	2017 £	2016 £
Equities	35,787,000	28,684,000
Bonds	6,135,000	5,976,000
Property	6,135,000	5,179,000
Cash	3,067,000	-
Total	<b>51,124,000</b>	<b>39,839,000</b>

The amounts recognised in the balance sheet are as follows:

	2017 £	2016 £
Present value of funded obligations	(64,138,000)	(44,457,000)
Fair value of plan assets	51,124,000	39,839,000
Net Liability	<b>(13,014,000)</b>	<b>(4,618,000)</b>

# North Lanarkshire Leisure Ltd

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

	2017	2016
	£	£
Opening Defined Benefit Obligation	44,457,000	47,051,000
Service cost	2,242,000	2,856,000
Interest cost	1,642,000	1,597,000
Contribution by Members	523,000	589,000
Actuarial (Gains) / Losses	15,718,000	(6,908,000)
Losses on Curtailments	-	51,000
Liabilities Assumed in a Business Combination	-	-
Benefits Paid	<u>(444,000)</u>	<u>(779,000)</u>
Closing defined benefit obligation	<u>64,138,000</u>	<u>44,457,000</u>

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

	2017	2016
	£	£
Opening plan assets	39,839,000	37,118,000
Interest income	1,467,000	1,253,000
Actuarial gains / (losses)	7,987,000	(266,000)
Contributions by employer	1,752,000	1,924,000
Contributions by members	523,000	589,000
Assets acquired in a Business Combination	-	-
Benefits paid	<u>(444,000)</u>	<u>(779,000)</u>
Closing plan assets	<u>51,124,000</u>	<u>39,839,000</u>

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

	2017	2016
	£	£
Current service cost	2,242,000	2,856,000
Interest on obligation	1,642,000	1,597,000
Interest on plan assets	<u>(1,467,000)</u>	<u>(1,253,000)</u>
Losses on Curtailments	-	51,000
Total	<u>2,417,000</u>	<u>3,251,000</u>

# North Lanarkshire Leisure Ltd

The history of experience gains and losses are as follows:

	2017	2016	2015	2014	2013
	£	£	£	£	£
Present value of liabilities	<b>64,138,000</b>	44,457,000	47,051,000	33,273,000	28,722,000
Percentage of the present value of liabilities	<b>0%</b>	0.30%	2.5%	0.00%	0.00%
Value of assets	<b>51,124,000</b>	39,839,000	37,118,000	27,951,000	24,889,000
(Deficit) / Surplus	<b>(13,014,000)</b>	(4,618,000)	(9,933,000)	(5,322,000)	(3,833,000)
Experience gains / (losses) arising on the scheme liabilities	-	139,000	1,162,000	2,000	5,000
Actuarial (losses) / gains recognised in SOFA	<b>(7,731,000)</b>	6,642,000	(6,702,000)	(1,241,000)	(2,128,000)
Present value of liabilities	<b>64,138,000</b>	44,457,000	47,051,000	33,273,000	28,722,000
Percentage of the present value of liabilities	<b>(12.10)%</b>	(14.90)%	(14.20)%	(3.70)%	(7.40)%
Experience gains on assets				<b>391,000</b>	<b>1,892,000</b>
Percentage of Assets				<b>1.40%</b>	<b>7.60%</b>

The projected pension expense for the year to 31st March 2018 will be approximately £1,752,000.

## 23. Related party transactions

North Lanarkshire Council (NLC), the sole member of NL LEISURE, made a contribution as per the service specification of £9,020,141 (2016 - £12,090,997) to the Company and leased the facilities occupied by the Company for a peppercorn rent. The transactions with NLC to 31<sup>st</sup> March 2017 were as follows; the Company paid NLC £278,946 (2016 - £817,657) 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 £9,019,779 (2016 - £13,722,713), 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.

At 31 March 2017 the Company owed the Council £220,564 (2016 - £385,134) and the Council owed the Company £954,909 (2016 - £1,376,007).

Six directors of the Company were members of North Lanarkshire Council during the period ended 31 March 2017, these being J Logue, B McCulloch, I Majid, W Shields, J Taggart and A Spewart.

Culture NL, an arms' length external organisation of North Lanarkshire Council. At 31 March 2017 the Company owed Culture NL £2,576 (2016 - £1,981) and Culture NL owed the Company £nil (2016 - £12,049). Transactions with Culture NL include facility hire, room hire and courier charges, the company paid Culture NL £18,323 (2016 - £21,188) during the year.

## 24. Contingent Liability

As at 31 March 2017 the charity was aware of a possible legal liability regarding a health & safety asbestos breach at Bothwellhaugh. The value and timing of which is uncertain as the company is awaiting the outcome of the investigation.

# North Lanarkshire Leisure Ltd

## 25. Statement of Financial Activities – extended comparisons

### Group:

	Notes	General Fund £	Pension Fund £	Designated Fund £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Totals 2016 £
<b>Income and endowments</b>							
<b>Incoming Resources from trading activities:</b>							
Other trading activities:							
		1,364,996			1,364,996		1,364,996
		151,390			151,390		151,390
		209,958			209,958		209,958
							-
	2	8,165			8,165		8,165
							-
							-
<b>Income from charitable activities:</b>							
Advancement of health, education and amateur sport							
	4	26,292,347			26,292,347	493,247	26,785,594
<b>Total Income and Endowments</b>		<b>28,026,856</b>	<b>-</b>	<b>-</b>	<b>28,026,856</b>	<b>493,247</b>	<b>28,520,103</b>
<b>Expenditure on:</b>							
<b>Raising funds:</b>							
	5	1,624,292			1,624,292		1,624,292
		97,912			97,912		97,912
<b>Total cost of raising funds</b>		<b>1,722,204</b>	<b>-</b>	<b>-</b>	<b>1,722,204</b>	<b>-</b>	<b>1,722,204</b>
<b>Charitable Activities</b>							
Advancement of health, education and amateur sport							
	7	25,891,049	1,327,000	676,536	27,894,585	523,747	28,418,332
<b>Total Expenditure</b>		<b>27,613,253</b>	<b>1,327,000</b>	<b>676,536</b>	<b>29,616,789</b>	<b>523,747</b>	<b>30,140,536</b>
Net Movement in Funds		<b>413,603</b>	<b>(1,327,000)</b>	<b>(676,536)</b>	<b>(1,589,933)</b>	<b>(30,500)</b>	<b>(1,620,433)</b>
Actuarial gain/(losses) on defined benefit pension scheme			6,642,000	-	6,642,000	-	6,642,000
Transfer between Funds		(193,170)		193,170	-		-
		220,433	5,315,000	(483,366)	5,052,067	(30,500)	5,021,567
Fund balances brought forward at 1 April 2016		1,658,951	(9,933,000)	1,440,200	(6,833,849)	167,999	(6,665,850)
Fund balances carried forward at 31 March 2017		1,879,384	(4,618,000)	956,834	(1,781,782)	137,499	(1,644,283)

# North Lanarkshire Leisure Ltd

## Company:

	Notes	General Fund £	Pension Fund £	Designated Fund £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Totals 2016 £
<b>Income and endowments</b>							
<b>Incoming Resources from trading</b>							
Other trading activities:							
		1,356,069			1,356,069		<b>1,356,069</b>
		151,390			151,390		<b>151,390</b>
		209,958			209,958		<b>209,958</b>
		-			-		<b>-</b>
	2	8,165			8,165		<b>8,165</b>
							<b>-</b>
							<b>-</b>
<b>Income from charitable activities:</b>							
Advancement of health, education and amateur sport							
	4	26,292,347			26,292,347	493,247	<b>26,785,594</b>
<b>Total Income and Endowments</b>		<b>28,017,929</b>	<b>-</b>	<b>-</b>	<b>28,017,930</b>	<b>493,247</b>	<b>28,511,176</b>
<b>Expenditure on:</b>							
<b>Raising funds:</b>							
	6	1,615,364			1,615,364		<b>1,615,364</b>
		97,912			97,912		<b>97,912</b>
<b>Total cost of raising funds</b>		<b>1,713,276</b>	<b>-</b>	<b>-</b>	<b>1,713,276</b>	<b>-</b>	<b>1,713,276</b>
<b>Charitable Activities</b>							
Advancement of health, education and amateur sport							
	7	25,891,050	1,327,000	676,536	27,894,586	523,747	<b>28,418,333</b>
		<b>25,891,050</b>	<b>1,327,000</b>	<b>676,536</b>	<b>27,894,586</b>	<b>523,747</b>	<b>28,418,333</b>
<b>Total Expenditure</b>		<b>27,604,326</b>	<b>1,327,000</b>	<b>676,536</b>	<b>29,607,862</b>	<b>523,747</b>	<b>30,131,609</b>
Net Movement in Funds		413,603	(1,327,000)	(676,536)	(1,589,933)	(30,500)	<b>(1,620,433)</b>
Actuarial gain/(losses) on defined benefit pension scheme			6,642,000		6,642,000	-	<b>6,642,000</b>
Transfer between Funds		(193,170)		193,170	-		<b>-</b>
		<b>220,433</b>	<b>5,315,000</b>	<b>(483,366)</b>	<b>5,052,067</b>	<b>(30,500)</b>	<b>5,021,567</b>
Fund balances brought forward at 1 April 2016		1,658,951	(9,933,000)	1,440,200	(6,833,849)	167,999	<b>(6,665,850)</b>
Fund balances carried forward at 31 March 2017		1,879,384	(4,618,000)	956,834	(1,781,782)	137,499	<b>(1,644,283)</b>

