

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

**Annual Report
and Financial Statements
for the year ended 31 March 2018**

Registered Number SC303391

Charity Number SC037439

Annual Report and Financial Statements for the year ended 31 March 2018

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Welcome from Chairman Derek Gamble

I am pleased to present the 2017/18 annual report for North Lanarkshire Leisure (NLL). This is the 12th annual report since NLL was formed as a charitable sport and leisure trust on the 16th September 2006.

As an independent Director who has sat on NLL's board since formation, I was naturally delighted to be asked to take over the chair of the Board to replace the outgoing former chair; Cllr. McCulloch and would like to thank him for all his hard work during his period with NLL. Like Cllr. McCulloch and the current board members, I am a passionate advocate of the intrinsic value and wide ranging benefits that sport and physical activity services that NLL provides.



Given the health challenges that Scotland and this area faces there can, in my mind, be very few more important priorities that need to be addressed locally than to ensure fair and equal access for all to enjoy the benefits and healthy life that sport and physical activity can bring. As can be seen again from this annual report, NLL works closely in partnership with North Lanarkshire Council, NHS Lanarkshire and Health & Social Care North Lanarkshire to address these health challenges. It is imperative therefore that NLL continues to maintain and expand provision to give people suitable, achievable and desirable alternative sport and leisure choices to take personal control and also that we encourage the inactive to become active and ensure that those who are currently active remain so throughout their lives.

I am fully aware of the army of dedicated and selfless volunteers who turn out day after day and in many cases those who give up a lifetime to sport. These local heroes, many of whom go about their business un-noticed, not seeking any extrinsic reward and manage to balance their own home and work commitments to give up a lifetime to their chosen sport, pursuit or activity. For this dedication and commitment I would like to thank them.

The plethora of local sports clubs, groups and organisations that NLL works in partnership with and that participate in our venues, activities and programmes are all vital community assets and demonstrate that by working together we can become a formidable force locally.

Myself and the incoming Board quickly grasped the enormity of the challenge ahead of us, particularly on the fiscal front as a result of core budget reductions being felt throughout the public sector, together with the continued impact of budget and independent gyms bringing increasing competition directly into the area. These combined to make this one of the most difficult operating environments that NLL has witnessed in many years.

Despite this fiscal challenge, I would like to thank the entire NLL team for their continued hard work and dedication. I am delighted by the performance outlined in this annual

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report and it continues to illustrate that NLL has positively and proactively responded to such challenges.

The key local and national drivers of increasing participation and performance in sport and physical activity to improve health and wellbeing for all remain very important key priorities.

Yours, Together in Sport

A handwritten signature in black ink, appearing to read 'Derek Gamble', written in a cursive style.

Derek Gamble

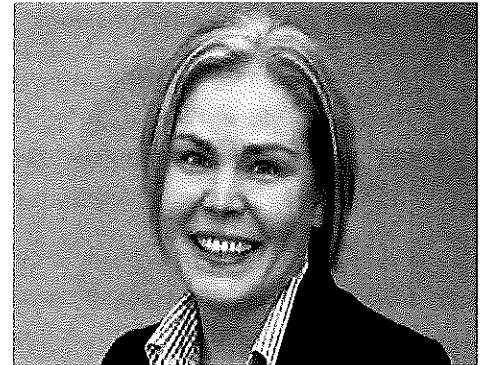
Chair

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Introduction to the 2017/2018 report

I am delighted that I am able to report another successful year for NLL with high levels of performance allied to the successful delivery of outcomes against NLL's charitable objectives. This year customer income has remained steady at over £16M with overall customer attendances exceeding 5.1M and more importantly NLL has delivered on its tag line of being "more than just a gym" by achieving the following:



- over 19,000 attendances at our Active Health classes
- 30,000 young people engaged in our Youth Diversionary projects
- around 6,000 babies, toddlers, children and adults involved in our Learn to Swim programme
- 2,200 children engaging with 7 different sports through our sports development membership
- 40,000 people participating in health and fitness classes each month
- around 2,000 children across 30 schools receiving sports tuition through the Pupil Equity Fund
- over 26,700 children involved in our sports Holiday camps
- over 300 people assisted via the new Nutrition programme
- 600 cancer sufferers and survivors involved in the new Move More programme
- over 6,800 people engaged through our discounted Passport to Leisure
- 1,100 participants ran the Cumbernauld 10k

This report also clearly demonstrates that NLL and NLC has continued to improve, develop and expand our venues and services, with major gym and fitness provision upgrades at Airdrie Leisure Centre, Sir Matt Busby Sports Complex and the Iain Nicolson Recreation Centre, ensuring that NLL continues to remain at the forefront of sports, health and functional fitness provision despite the prevailing competition challenges that exist locally. The Time Capsules' Water World leisure pool also enjoyed a significant investment in December to ensure that it remains one of Scotlands' foremost visitor attractions and an important local wet, dry and ice sports facility provision for the area.

North Lanarkshire Leisure is extremely passionate about helping children to learn to swim. Working in partnership with Scottish Swimming, we deliver the nationally recognised Learn to Swim programme in eight of our venues, and now have over 5,300 children involved. During the past year we've grown the programme significantly, generating a 14% increase in participation and a survey of 1500 participants highlighted that satisfaction rates are high.

During 2017-18, NLL delivered the sports element of the British Transplant Games, with the main football hall within Ravenscraig Regional Sports Facility being completely floored and transformed to provide a glittering opening and closing ceremony that would rival any high level venue and arena anywhere in the UK. Everybody, at all levels in NLL and across our partners really pulled together to ensure that every transplant athlete, taking part in

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the games from age 2 to 80+ really enjoyed what was subsequently widely regarded as being the 'best games ever'. Accordingly the delivery of the games has been put forward for a number of national awards.

The Transplant Games and the purchase of the arena flooring has afforded NLL the ability to stage high level sports and cultural events on a large scale, both at Ravenscraig and in Broadwood Stadium, with the latter venue recently successfully hosting the 'Live by the Loch' music event featuring Manran, Dougie MacLean and the Red Hot Chilli Pipers.

A record number of runners took part in the 2017 Cumbernauld 10k with 1,100 participants tackling the main race, making it the most successful year of the event so far. Crowning that achievement was the event's win of 'Best 10k in Scotland' in the prestigious Running Awards, plus a bronze award in their 'National 10k' category. These *Awards* celebrate the best of running and its culture, and recognition by them demonstrates the high calibre of the Cumbernauld 10k.

NLL has seen the same challenges as many other public sector organisations this year with a reduction in funding coupled with having to adapt to a changing market with the continued influx of budget and independent gym provision. Despite these challenges, there remains considerable opportunities for the current and future development of the service and I never fail to be impressed with the buy in and dedication of NLL's directors, staff and partners and I would like to take this opportunity to thank them for their continued support.

Like last year I am really pleased and genuinely proud of the performance and service improvements outlined in this annual report and I look forward to continuing to grow the NLL business and purpose.

Emma Walker – Managing Director



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

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Strategic Report and Directors' Report for the year ended 31 March 2018

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 31st March 2018.

Reference and administrative details

Charity Number SC037439

Company Number SC303391

Registered Office 1 Ardgoil Drive, Cumbernauld, Glasgow, G68 9NE

Directors	P Kelly	Appointed 20.06.17
	F McNally	Appointed 20.06.17
	P Hogg	Appointed 20.06.17
	N Wilson	Appointed 20.06.17
	F Fotheringham	Appointed 20.06.17
	W Shields	Appointed 22.06.17
	B McCulloch	Resigned 05.05.17
	J Logue	Resigned 14.06.17
	I Majid	Resigned 05.05.17
	A Spewart	Resigned 05.05.17
	J Taggart	Resigned 05.05.17
	A Airlie	Resigned 06.04.17
	D Gamble	
	W Shearer	
G McKenzie		
R McCallum		
K McLoughlin		

Managing Director E Walker

Company Secretary N Lynch

Independent auditor RSM UK Audit LLP
Third Floor, Centenary House, 69 Wellington Street, Glasgow, G2 6HG

Solicitors DWF LLP
Dalmore House, 310 St Vincent Street, Glasgow, G2 5QR

Bankers Royal Bank of Scotland
10 Buchanan Street, Glasgow, G1 3PL

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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; 6 independent directors (from various fields) and 1 trade union 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.

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Objectives and activities

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

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.

- Increase net income through increased commercial focus, improved operational efficiency and providing a quality customer service journey.

- Increase physical activity levels through growth in the number of unique individuals participating, growth in diversity of participant, increase in grassroots participation and effective engagement with minority groups and those not currently using the service.

- Identify and implement a sustainable delivery model for the future by maximising assets, making better use of NLL facilities and delivering fit for purpose buildings, attracting additional external funding to support health and fitness activity and modernising the business through technology.

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.

¹ As recognised by the Office of the Scottish Charity Regulator

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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.

Achievements and performance

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

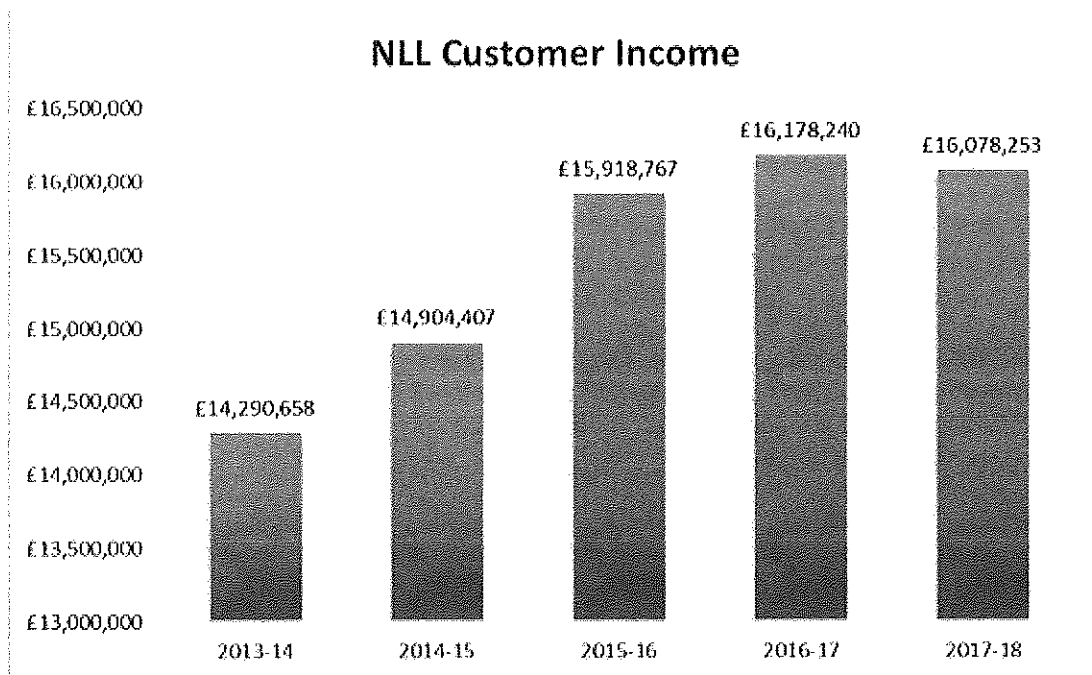
This includes quarterly reports to NLL's Board of Directors and North Lanarkshire Council's ALEO Committee which has been established to ensure that the Council have appropriate governance and robust performance monitoring arrangements in place to all of its Arms-Length External Organisations; including NLL.

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

Performance in 2017-18

Customer income

In 2017-18 customers contributed £16.08m to the trust down from £16.17m in the previous year, a decrease of £99,987 or -0.62%. The income pattern since 2013-14 is shown in the chart below.



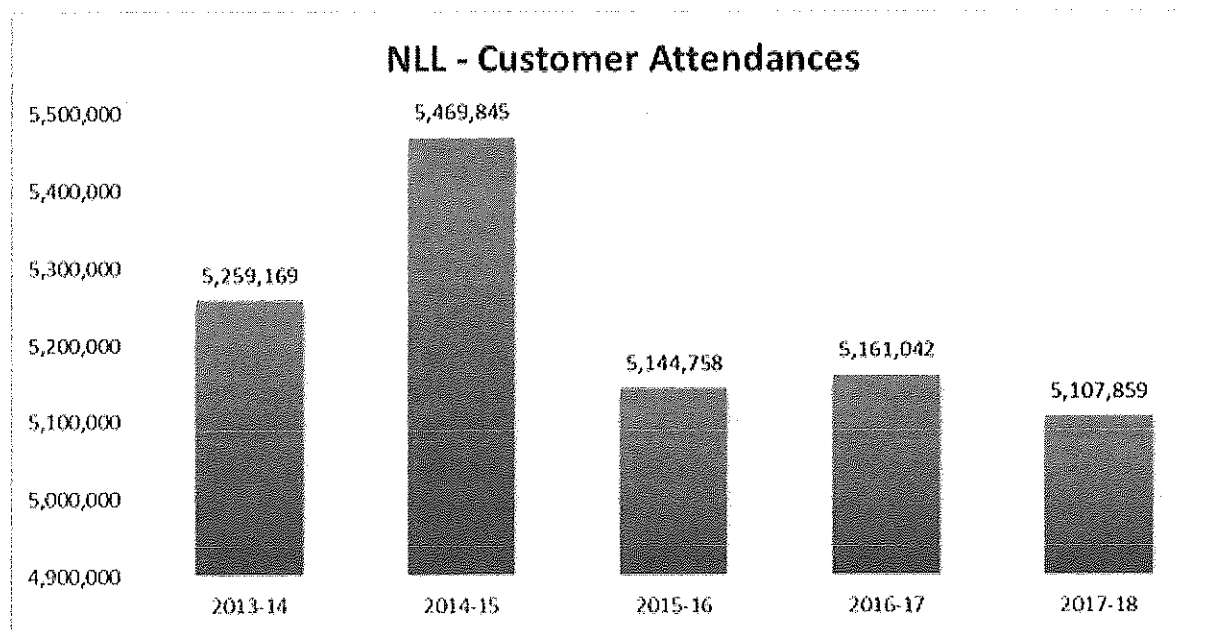
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Although customer income has grown by almost £11m or 211% since NLL was formed in 2006, this is the first year that customer income has dipped in comparison to previous year. This reflects the increase in competition in the health and fitness segment industry.

There was also substantial and sustained reduction of services across the entire indoor and outdoor portfolio of venues during the final quarter of the 2017-18 financial year due to both freezing and heavy snowfall conditions, resulting in an estimated £114,000 loss of income.

Customer attendances

Leading the income pattern, NLL's customer attendance has fallen for the third consecutive year from a high of 5.47m in 2014-15 to 5.1m in 2017-18, with a slight (-1.03%) reduction on 2016-17 .



There were planned closures of the gym and dryside sports area within Airdrie Leisure Centre for almost a third of the year and within the Iain Nicolson Recreation Centre for significant gym and studio refurbishments which had a detrimental impact on user numbers.

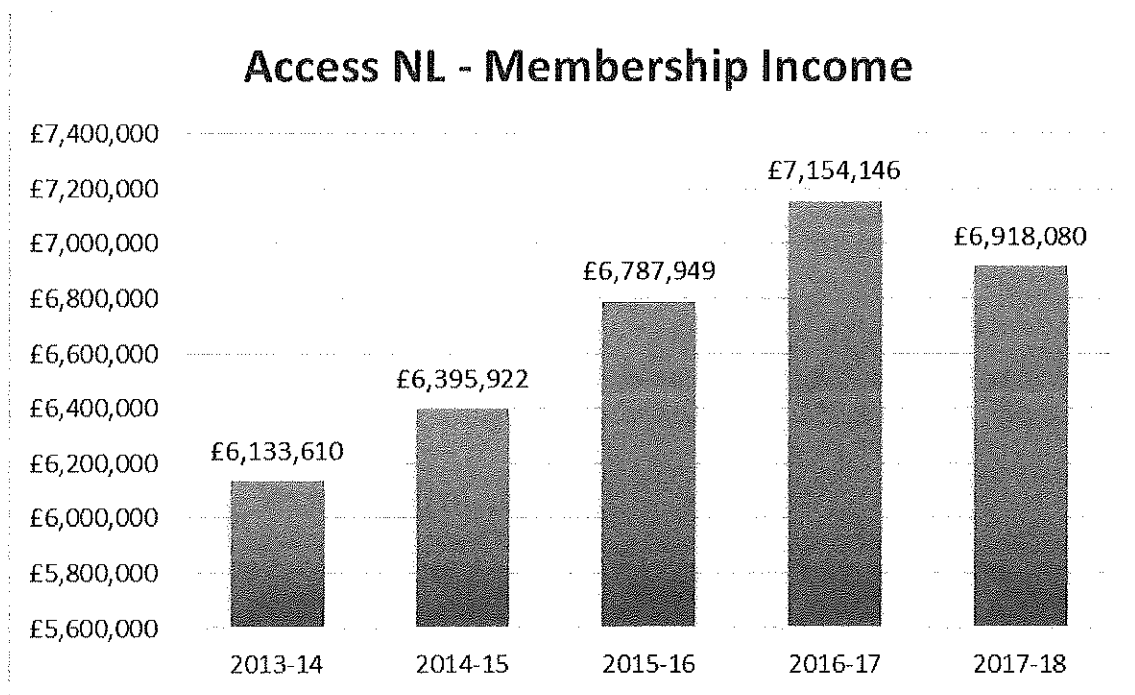
The graph above highlights the pattern of attendances across our venues over the past four years.

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 2017-18 membership income has shown the first drop in income since AccessNL was introduced in 2003, dropping from £7.15m in 2016-17 by -£236,066 (-3.3%) to £6.92m in 2017-18.

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The growth in both the budget and independent gym chains within North Lanarkshire is continuing to impact the income generating potential which was enjoyed in the early years. NLL has responded well to the challenge from the competition, and although it is envisaged that the growth in this sector will continue, with some new gyms planned for the local market during 2018, the latest phase of new gym design and equipment from NLL 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 & Estates

Health and safety and the maintenance of the wide portfolio of venues and facilities that NLL manage, remains of critical importance, to maintain the high safety standards with robust ongoing management procedures and emergency action arrangements being in place.

NLL's arrangements for health and safety continue to be 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 become complacent as accidents and incidents can occur quickly at any time resulting in the need for all staff to be ever vigilant in this area.

NLL has to operate 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 undertaken throughout the year specifically with a view to improving health, safety, welfare and the presentation of the estate, included;

- Carried out over 5,000 repairs across all NLL venues
- Carried out a full review of Estates Maintenance Services staffing structure and employed an additional Health and Safety Officer

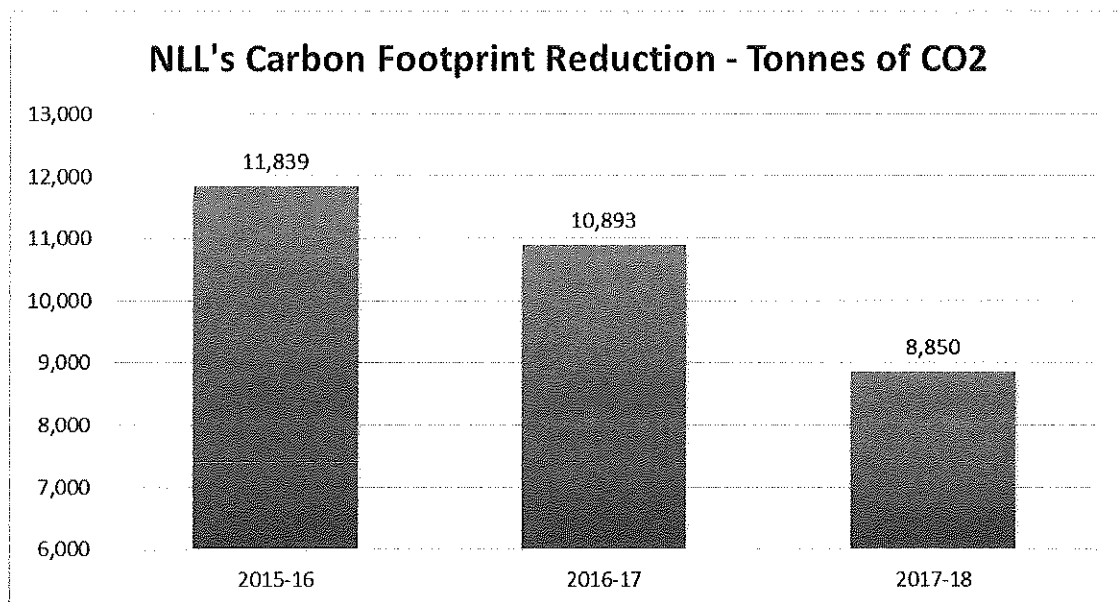
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- Major investment in replacing and upgrading fire door doors across seven centres and completed the upgrading of fire detection systems at 10 venues
- Carried out 43 health and safety audits and Fire Risk Assessments across NLL centres and functions
- Updated all NLL Health and Safety Operational procedures and reviewed and updated the Normal Operating Procedures (NOP) to ensure that all venues are using the same template
- Major investment in upgrading lighting, replacing the balance tank and bridge at the Time Capsule
- Replaced three primary heating systems at three venues
- Working in conjunction with NLC replaced disabled pool hoists across eight swimming pools
- Working in conjunction with NLC upgraded the lighting at Wishaw and Tryst Sports Centres with energy saving LED lighting

The Environment

Like most reputable and ethical companies, NLL in conjunction with NLC have been seeking various measures to minimise the impact of operations on the environment, in particular by minimising energy consumption by employing such measures as installing swimming pool covers, more efficient heating and lighting plant, low emissivity ceiling (Time Capsule Ice Rink) and combined heat and power units etc.

The graph below illustrates NLL's considerable progress in this area over the last two years, with NLL's carbon footprint reducing by 2,043 (18.75%) to 8,850 tonnes of CO₂

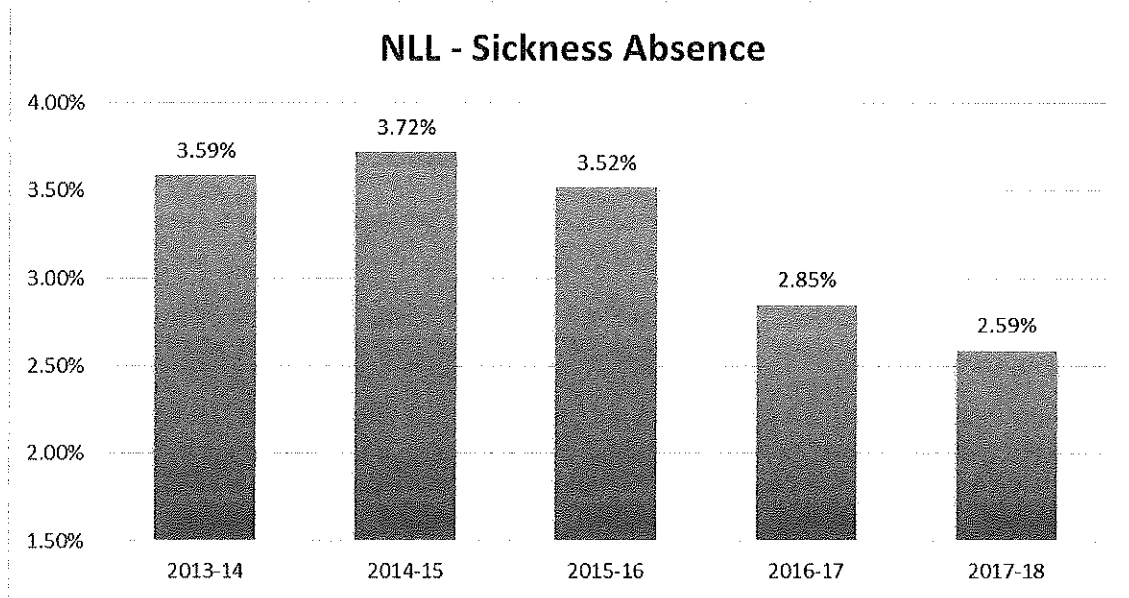


Sickness Absence

NLL's sickness absence level surpassed the 3.25% target which was set by NLL's HR Committee for 2017/18 achieving 2.59%. This equates to an approximate £71,000 saving in sick pay against

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target, which in view of the structural reductions as a result of needing to deliver efficiency savings in light of continued austerity budgets is a significant and notable achievement and testament to the continued commitment and dedication of staff at all levels to continue to deliver excellent customer focussed public services. It also continues the general, year on year reduction in sickness absence since NLL was formed in 2006, as exemplified in the graph below.



A further reduction in sickness absence levels, hopefully again demonstrates the continued loyalty and 'buy-in' from staff to NLL's charitable purposes and aims. Further it has to be acknowledged that there has been a very difficult operating environment that has resulted in frozen wages, downsizing, staff restructuring and non-application of incremental pay scale increases for a few years.

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Review of the Year

- North Lanarkshire Leisure staff and venues lead on and delivered the sports element of the British Transplant Games on behalf of North Lanarkshire Council and Transplant Sport and the other key games partners, from Wednesday 26th July to Sunday 30th July 2017. The BTG attracted over 2,000 transplant athletes and their families. NLL were responsible for hosting over 40+ different sports and activities including working in partnership with the voluntary sector for sport and a number of sports club and commercial venues across the area. The football hall at Ravenscraig was floored and transformed into an excellent arena for the glittering opening and closing ceremonies. It has been widely acknowledged that the aim of the Local Organising Committee to host the 'best ever British Transplant Games' has been achieved with NLL staff from all areas of the business, the 500+ 'Northlander' general and sports specific volunteers, games sponsors and partners going above and beyond to ensure that the inspirational transplant athletes are left with lasting and fond memories of taking part in the North Lanarkshire games, an achievement that everyone should be rightly proud of. The games achieved a media reach to an estimated 142m people over the course of the event, generated approximately £2.9m of economic benefit for the local economy and importantly resulted in an additional 23,300 signing up to the organ donation register, which will undoubtedly result in some people receiving a much needed transplantation to transform their lives.
- Continuing a busy summer of sport, Ravenscraig Regional Sports Facility also played host to the 2017 European Dodgeball Championships from the 18th to 20th August 2017. This blistering, ball hurtling event attracted teams from Austria, Czech Republic, England, France, Germany, Italy, Netherlands, Northern Ireland, Republic of Ireland, Scotland, Slovenia, Sweden, Switzerland and Wales competing to become European Champions. The event was televised by BT Sport in the UK and streamed live across the globe. The Euros are one of the four continental championships in 2017 that are also qualifying events for the 2018 Dodgeball World Cup at Madison Square Garden in August 2018.
- Ravenscraig also played host to the annual Suicide Prevention Tournament on Wednesday 13th September 2017, attracting local teams to compete and raise the profile of such an important mental health and wellbeing topic area to support efforts to tackle the devastating impact of suicide, particularly amongst young men and let them know what help and support is available.
- NLL's 'In House' Nutritionist has put in place a number of nutrition based programmes which significantly enhance and augment the health and fitness provision for those looking for expert guidance in support with weight management and seeking nutritional excellence for optimal sports performance. With the recent Scottish Health Survey 2017 (2016 survey results) revealing the unfortunate statistic that around 73% of North Lanarkshires' Adult population are either overweight (BMI 25 and above) or obese (BMI 30 and above), these and the other Active Health programmes provided by NLL, in partnership with NHS Lanarkshire and Health & Social Care North Lanarkshire, together with NLL's core sport, physical activity and health provision have never been more needed. Importantly, these programmes and activities jointly contribute to assisting the successful implementation of the recently release Lanarkshire Healthy Weight Strategy.
- In order to offer improved value for money and assist with competing with the recent proliferation of budget gyms in the area, NLL has launched a single site venue membership for £21.99 per month for John Smith Pool, Shotts Leisure Centre and Iain Nicholson

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Recreation Centre. This is proving to be a popular, more cost effective option for those members where price is a consideration and who do not need access to the wider portfolio of venues and associated activities or services that the full membership package allows.

- NLL has continued to restructure the organisation throughout the year to meet efficiency saving challenges and also to deliver service, governance and business development objectives.
- NLL secured external and partnership funding of over £400,000 from North Lanarkshires' Health & Social Care Partnership to continue to deliver the Friday Night Project, Saturday Sports scene and Street Soccer social inclusion and diversionary sports programmes. This also included mental health, walking football, child healthy weight and mini-movers health improvement programmes throughout North Lanarkshire. These funded social inclusion programmes offer a selection of activities and opportunities that are provided free at the point of delivery for the participants, over 5 days per week, across 8 different venues to redress barriers to participation and promote more healthy and active lifestyles.
- NLL introduced direct debits for a number of sports development programmes, with over 2,385 direct debit members now participating every week across 8 different sports disciplines in 12 different venues. This also includes the roll out of Learn 2 software to other sports development programmes following the successful application to NLL's Learn to Swim programme.
- The Learn to Swim programme has increased to over 5,372 direct debit memberships. Classes are now achieving an unprecedented average occupancy rate of 90% achieved across adult, early years and Learn To Swim Scheme. Across NLL's 8 pools, swimming lessons are now achieving a healthy annual turnover of over £1.3m.
- The gym and associated facilities within Airdrie Leisure Centre re-opened on the 14th December 2017 following a major £800,000 refurbishment. This is part of the gym modernisation programme to reflect and respond to changing customer demand for more functional and free weights training and also provides the latest in cardio-vascular training kit. In addition, studio space has expanded to accommodate the ever popular group fitness programme and a dedicated and interactive, state-of-the-art heart rate training system spin studio has been created. This latest generation of gyms helps to maintain NLL's position at the forefront of health and fitness provision in Scotland. A bespoke meeting room was also created as part of the works.
- £125,000 capital investment and refurbishment within the Time Capsule Water Park, including: balance tank refurbishment, bridge replacement, tiling works, painting of the play structure, replacement rubber crumb flooring, replacement gallery flooring, toilet upgrade within the waterpark, waterpark signage upgrade, Tornado Tantrum ventilation installed, partial upgrade of waterpark lights to LED and upgrade of underwater lights to LED to ensure that the facility remains as one of Scotlands' foremost visitor attractions.
- NLL refurbished the health and fitness provision within Sir Matt Busby Sports Complex, including the installation of new state of the art gym equipment and spin bikes to accommodate the growth in functional training space and equipment demand.

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- The capital investment works and the refurbishment of John Smith Pool was completed, which included the changing village, health suite and gym area upgrades, a new heating system, LED lighting and refurbishment of the swimming pool boom.
- A £180,000 investment and upgrade of the Iain Nicolson Centre was undertaken that considerably expanded the state of the art gym provision, created a dedicated spin studio, new gym equipment and full refurbishment of the venue to improve the customer experience.
- NLL extended work with the 'after school' care partnership provision to additional venues.
- NLL have continued the process of transferring casual staff including; lifeguards, leisure attendants, catering staff and sports development coaches to variable contracts.
- A survey of sports clubs, groups and organisations was launched as part of the process of updating the North Lanarkshire 'Sports Pitch Strategy' which is currently being undertaken in partnership with NLC, CultureNL, clubsportnl and sportscotland.
- The annual NLL and jogscotland Christmas Cracker and Festive Fun Run 2017 took place at Broadwood Stadium on Sunday 3rd December 2017. The races were as popular as ever with the participating Santa's and included: 5k, 1k aimed at P5-P7 children, 400m aimed at P1-P4 children and 100m Toddler Dash for children up to 5 years of age.
- The Sports Development Section within Operations launched the 'Ultimate Sports Membership' on the 29th January 2018. This new membership package allows parents to enrol their children for unlimited coached sports development classes and activities; including soccer schools, badminton, dance, tennis, musical theatre, athletics and gymnastics. This is an exciting new option within NLL as research has indicated that the more children are able to participate in a wider range of good quality coached sports, the greater the acquisition of physical literacy skills and therefore the more likelihood that children will progress through the sports development continuum and the greater likelihood that they will remain fit and healthy throughout life.
- NLL also launched a new 12-week Healthy Lifestyle and Nutrition Coaching programme, provided by our 'in-house' fully qualified nutritionist, who will tailor the gym and nutrition programme to individual requirements.
- Preparation and delivery of the second tranche of inductees for the 2018 North Lanarkshire Sporting Hall of Fame
- NLL delivered the National Cross Country Relay event in partnership with Scottish Athletics within Cumbernauld House Park, with over 2,000 athletes participating. We also assisted our partners in the delivery of the mass participation events, such as the Monklands half marathon and 5K and Cumbernauld 10K. Both these events include associated child, young people, disabled and special need running events to ensure accessibility and inclusion to all. The 2017 Cumbernauld 10K has the major accolade of being crowned Scotland's 10K of the year, and was runner up for the best in the UK at the prestigious National Running Awards event in London in May 2018.
- In partnership with NHS Lanarkshire, NLL has introduced 7 new, approved instructor led back care classes across the venues, augmenting the Active Health programme to address those with serious chronic back pain, designed to develop and strengthens muscles, improve and

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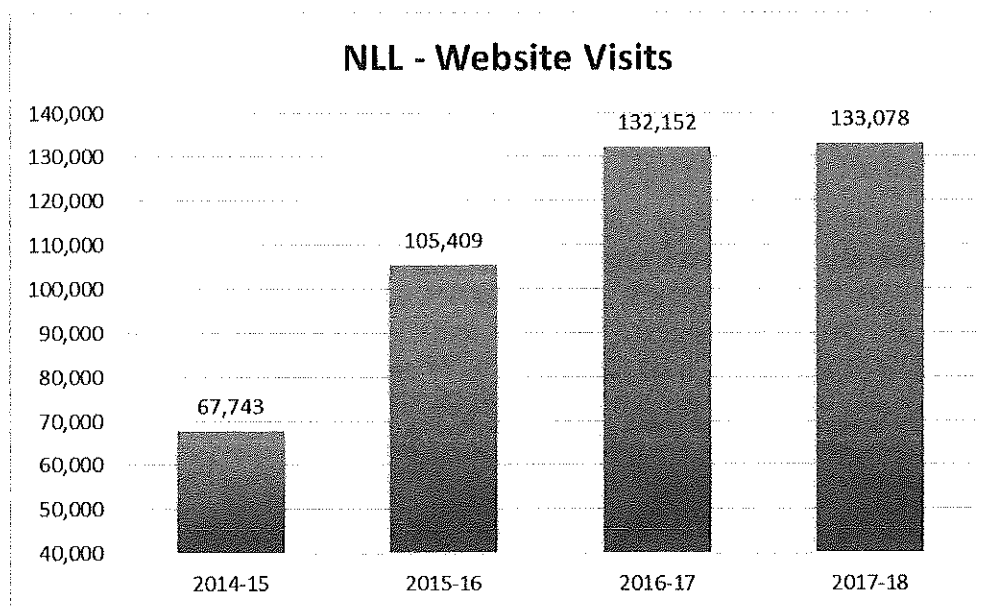
maintain joint flexibility, improve bone density, fitness, mood and help release the bodies natural chemicals that reduce pain.

- Unfortunately, due to serious water ingress from the main hall roof, Kirkwood Sports Barn in Coatbridge had to be closed on the 13th August 2017. This caused extensive water damage to the structures of the main hall walls and throughout the main reception area. NLL are in discussion with NLC concerning future options for Kirkwood.

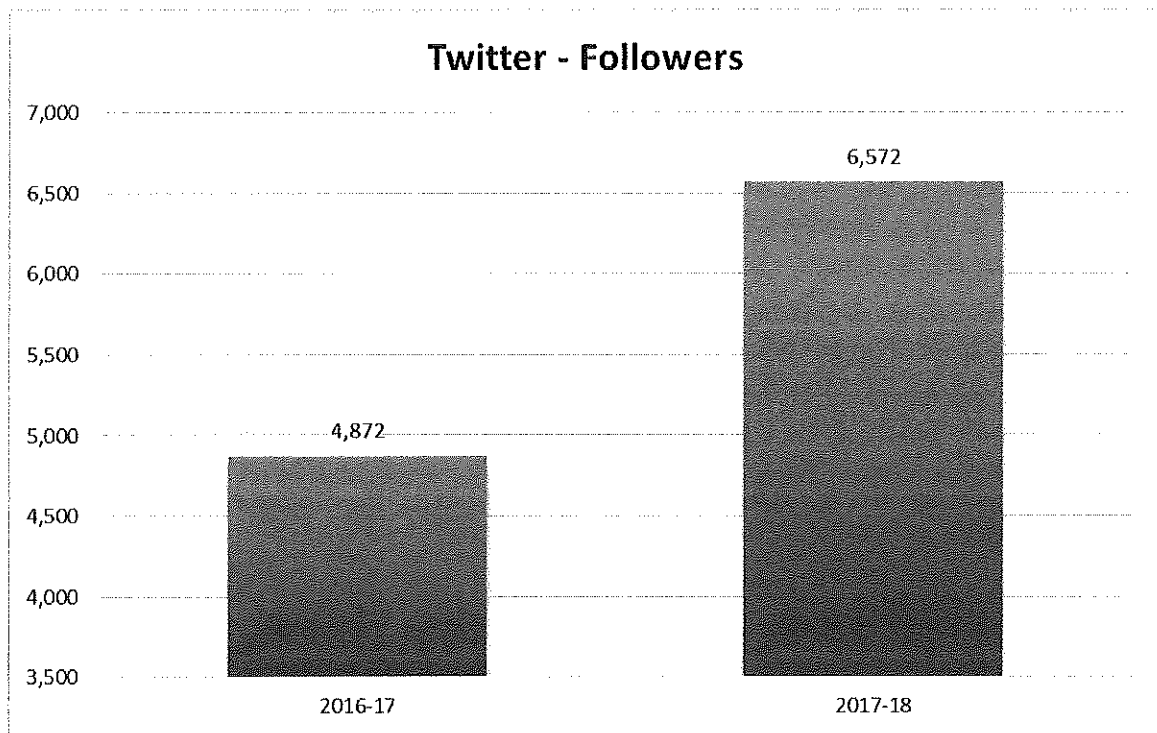
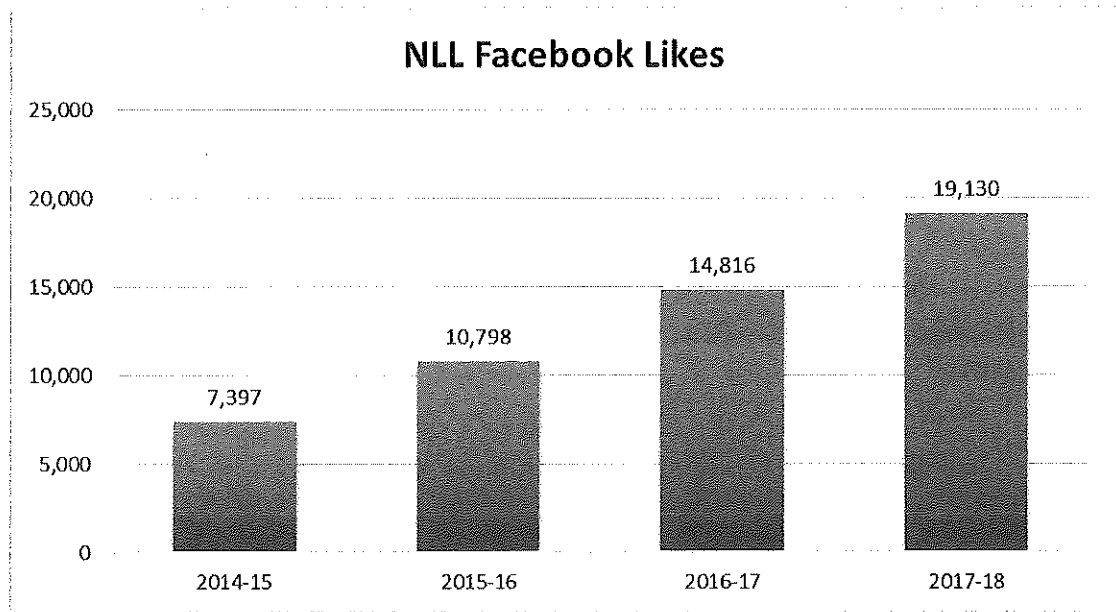
Marketing & Promotions

As well as traditional marketing methods to market and promote our services such as posters, flyers, promotions, and public relations etc, the use of the internet and social media for ease of access to service, activity, programme and booking information has become of paramount importance. Alongside traditional marketing, digital marketing has grown with internet use, with the mobile phone and tablets overtaking customers using PC's to find out about our services online and this will continue to expand as the population becomes ever more technology literate and connected and uses a variety of bespoke social media platforms reflecting their particular lifestyle choices. Since NLL's audience effectively spans all age groups, there is a need for the business to remain ahead of this curve and employ various platforms and technologies, as evidenced by the growth shown in the following graphs. NLL have also just started using Instagram which is a platform that is particularly well used by young people and the statistics for this is being collated and will be used in future reports.

The growth in the use and application of social media helps NLL build and relate more directly to bespoke and discrete groups which is an important part of growing an online community and following. Additionally and entirely connected the number of people wanting to buy membership and other services and pay online in advance has grown significantly and will become an ever more important feature of the business moving forward as more and more people prefer this transactional method.



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Plans for future periods

- Continue to assist North Lanarkshire Council, SportScotland and other strategic partners in developing a new sports strategy and revised pitch sports strategy for North Lanarkshire, dovetailing with national sport and physical activity and health strategies and the new North Lanarkshire Local Outcome Improvement Plan (LOIP).
- Introduction and analysis of the 2018-19 NLL staff survey.
- Continue to assist North Lanarkshire Council with the planning and preparation to deliver the rowing and triathlon competitions as part of the 2018 Glasgow and Berlin inaugural combined European Championships, providing local and school test events, leading to the main events scheduled for:
 - Rowing – 2nd to 5th August 2018 in Strathclyde Country Park
 - Triathlon – 9th to 11th 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.
- Assist North Lanarkshire Council in the 'visioning' exercise surrounding the future 'aspirations' for public sector provision, including sport and leisure services and the potential co-location within a multi-agency, multi-service, super-community hub environment.
- Continue to prepare and submit a bid to SportScotland and Tennis Scotland and the Lawn Tennis Association for an Indoor Tennis Centre (ITC) at Ravenscraig RSF.
- Continue to assist NLC in the preparation, development and execution of tourism and events development programmes, policies and strategies where they relate to NLL's core and associated functions.
- In conjunction with colleagues from South Lanarkshire Leisure & Culture, plan and prepare to host a visit from the Danish Gymnastics Institute (DGI) gymnasts while on the Scottish leg of their latest world tour from the 7th to 11th March 2019. This will include the delivery of two 'World Class Performances' at Ravenscraig Regional Sports Facility and school and gymnastics club workshops where young children and gymnasts from North Lanarkshire will get the opportunity to work directly with the DGI gymnasts. The DGI will then deliver a similar programme in South Lanarkshire the following week.
- Delivered 'Live on the Loch' the first ever stadium pitch concert within Broadwood Stadium on the 2nd June 2018, using the pitch protection flooring purchased for the British Transplant Games, with the Broadwood concert featuring Manran, Dougie MacLean and the Red Hot Chilli Pipers.
- Assist North Lanarkshire and partners in delivering the third tranche of inductees for the 2019 'Sporting Hall of Fame' in March 2019.
- NLL will continue to work closely with the North Lanarkshire Health and Social Care Partnership and the new Interim Director of Public Health and their staff 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.

North Lanarkshire Leisure Ltd

- Continue to assess the direction and final outcome of the Scottish Governments' Barclay review with reference to charitable status and National Non-Domestic Rates in relation to charitable sport and leisure trusts, such as NLL.

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 2017/18 amounted to £8,310,056. Unrestricted income excluding management fee and pensions amounted to £16,081,940 during the year which is a 0.6% decrease on 2016/17. During 2017/18 NL Leisure had an approved budgeted surplus of £100,848 and the actual deficit from the general fund for the year is £273,877.

The Board were kept fully updated during the year of the financial performance and the pressures the company was facing. The deficit is the result of restructure costs (redundancy, pension strain and payments in lieu of notice) which the Board approved in January 2018 therefore they are satisfied with the final outturn for the year. The Directors also considered Going Concern and more details are provided on this in Note 1 on Page 34.

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 and a review annually, the Directors consider the most appropriate level of unrestricted general reserves to be no more than 4% of gross expenditure. The general reserve of £1,325,332 detailed below represents 5.3% of gross expenditure. Although higher than the targeted level the Board are satisfied with this given the fluctuating trading position during 2017/18.

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 2018 of £(3,149,535) comprising the following:

Restricted funds	£82,499
Unrestricted general fund	£1,325,332
Designated fund – assets & infrastructure	£555,634
Pension fund as required by FRS102	£(5,113,000)

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.

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

North Lanarkshire Leisure Ltd

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.

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

NL Leisure has a dedicated post of Head of Health, Safety and Estates supported by a Health and Safety team, to oversee this 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

North Lanarkshire Leisure Ltd

being delivered to senior managers.

Annual Governance Statement

Scope of Responsibility

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

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

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

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

Governance Framework

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

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

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

Review of Effectiveness

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

- NL Leisure has mechanisms in place to ensure that key elements of its governance framework are subject to regular review;
- NL Leisure has well-established service and financial planning arrangements including Service and Financial Plans which details the organisations mission and strategic aims and which have been approved by the Board;
- NL Leisure has well-established financial management processes which produce financially robust and deliverable financial budgets which are integrated with wider business planning;

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- The NL Leisure Board meets regularly to monitor financial and service performance and arrangements appear appropriate to hold senior management to account;
- Directors have received training on their expected roles and responsibilities designed to enable them to effectively discharge their duties; and
- 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 2018.



Chair
D. Gamble

Date: 2.10.18

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 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: 2.10.18

Registered Office:

Broadwood HQ
1 Ardgoil Drive
Cumbernauld, G68 9NE

North Lanarkshire Leisure Ltd

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

Opinion

We have audited the financial statements of North Lanarkshire Leisure Ltd (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2018 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2018; 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 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).

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, section 152 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

North Lanarkshire Leisure Ltd

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' Report and the incorporated Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the 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) require us to report to you if, in our opinion:

- the parent charitable company has not kept 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

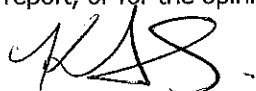
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

North Lanarkshire Leisure Ltd

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

Use of our report

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the 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

Date 10/10/18

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 2018 (incorporating the income and expenditure account)

Note	General Fund 2018	Pension Fund 2018	Designated Fund 2018	Total Unrestricted funds 2018	Restricted funds 2018	Total 2018	Total 2017
	£	£	£	£	£	£	£
Income and endowments							
Incoming resources from trading activities							
Other trading activities:							
Catering	1,218,549	-	-	1,218,549	-	1,218,549	1,383,625
Rental income	371,496	-	-	371,496	-	371,496	302,566
Merchandising	172,424	-	-	172,424	-	172,424	214,448
Income from Investments	3,687	-	-	3,687	-	3,687	4,578
<i>Total income and endowments from trading activities</i>	1,766,156	-	-	1,766,156	-	1,766,156	1,905,217
Income from charitable activities							
Advancement of health, education and sport	22,630,372	-	-	22,630,372	500,099	23,130,471	23,640,189
Total income and endowments	24,396,528	-	-	24,396,528	500,099	24,896,627	25,545,406
Expenditure on:							
Raising funds:							
Catering	1,466,966	-	-	1,466,966	-	1,466,966	1,523,969
Merchandising	115,795	-	-	115,795	-	115,795	108,870
<i>Total costs of raising funds</i>	1,582,761	-	-	1,582,761	-	1,582,761	1,632,839
Charitable activities							
Advancement of health, education and sport	23,087,644	1,630,000	193,600	24,911,244	527,599	25,438,843	25,092,842
Total Expenditure	24,670,405	1,630,000	193,600	26,494,005	527,599	27,021,604	26,725,681
Net movement in funds and net income for the year	(273,877)	(1,630,000)	(193,600)	(2,097,477)	(27,500)	(2,124,977)	(1,180,275)
Actuarial gain/(loss) on defined benefit pension scheme	-	9,531,000	-	9,531,000	-	9,531,000	(7,731,000)
Transfer between funds	-	-	-	-	-	-	-
Net movement in funds	(273,877)	7,901,000	(193,600)	7,433,523	(27,500)	7,406,023	(8,911,275)
Fund balances brought forward at 1 April 2017	1,599,209	(13,014,000)	749,234	(10,665,557)	109,999	(10,555,558)	(1,644,283)
Total funds carried forward at 31 March 2018	1,325,332	(5,113,000)	555,634	(3,232,034)	82,499	(3,149,535)	(10,555,558)

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 34 to 47 form part of the financial statements.

North Lanarkshire Leisure Ltd

Company Statement of Financial Activities for the year ended 31 March 2018 (incorporating the income and expenditure account)

Note	General Fund 2018	Pension Fund 2018	Designated Fund 2018	Total Unrestricted funds 2018	Restricted funds 2018	Total 2018	Total 2017
	£	£	£	£	£	£	£
Income and endowments							
Incoming resources from trading activities							
Other trading activities:							
Catering	1,214,017	-	-	1,214,017	-	1,214,017	1,368,005
Rental income	371,496	-	-	371,496	-	371,496	302,566
Merchandising	172,424	-	-	172,424	-	172,424	214,448
Income from Investments	2 3,687	-	-	3,687	-	3,687	4,578
<i>Total income and endowments from trading activities</i>	1,761,624	-	-	1,761,624	-	1,761,624	1,889,597
Income from charitable activities							
Advancement of health, education and sport	4 22,630,372	-	-	22,630,372	500,099	23,130,471	23,640,189
Total income and endowments	24,391,996	-	-	24,391,996	500,099	24,892,095	25,529,786
Expenditure on:							
Raising funds:							
Catering	1,462,434	-	-	1,462,434	-	1,462,434	1,508,349
Merchandising	115,795	-	-	115,795	-	115,795	108,870
<i>Total costs of raising funds</i>	6 1,578,229	-	-	1,578,229	-	1,578,229	1,617,219
Charitable activities							
Advancement of health, education and sport	7 23,087,644	1,630,000	193,600	24,911,244	527,599	25,438,843	25,092,842
Total Expenditure	24,665,873	1,630,000	193,600	26,489,473	527,599	27,017,072	26,710,061
Net movement in funds and net income for the year	16 (273,877)	(1,630,000)	(193,600)	(2,097,477)	(27,500)	(2,124,977)	(1,180,275)
Actuarial gain/(loss) on defined benefit pension scheme	21 -	9,531,000	-	9,531,000	-	9,531,000	(7,731,000)
Transfer between funds	-	-	-	-	-	-	-
Net movement in funds	(273,877)	7,901,000	(193,600)	7,433,523	(27,500)	7,406,023	(8,911,275)
Fund balances brought forward at 1 April 2017	1,599,209	(13,014,000)	749,234	(10,665,557)	109,999	(10,555,558)	(1,644,283)
Total funds carried forward at 31 March 2018	18 1,325,332	(5,113,000)	555,634	(3,232,034)	82,499	(3,149,535)	(10,555,558)

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 2018

		2018	2018	2017	2017
	Note	£	£	£	£
Fixed assets					
Tangible assets	14		2,834,661		3,193,276
Current assets					
Stocks		53,366		56,929	
Debtors	12	1,424,115		1,379,171	
Cash at bank and in hand		1,116,470		1,075,287	
		2,593,951		2,511,388	
Current liabilities					
Creditors (amounts falling due within one year)	13	(3,465,147)		(3,246,222)	
Net current (liabilities)			(871,196)		(734,834)
Net assets excluding pension fund			1,963,465		2,458,442
Pension fund (liability)	21	(5,113,000)		(13,014,000)	
Net liabilities			(3,149,535)		(10,555,558)
Funds					
Restricted funds	15		82,499		109,999
Unrestricted funds	16				
Designated fund - assets & infrastructure		531,400		725,000	
Designated fund – operational commitments		24,234		24,234	
General fund		1,325,332		1,599,209	
Unrestricted funds excluding pension reserve		1,880,966		2,348,443	
Pension reserve	21	(5,113,000)		(13,014,000)	
Total unrestricted funds			(3,232,034)		(10,665,557)
Total funds	17		(3,149,535)		(10,555,558)

The Company registration number is **SC365792**.

The notes on pages to 34 to 47 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:

2.10.18

North Lanarkshire Leisure Ltd

Company Balance Sheet as at 31 March 2018

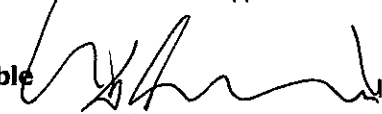
	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	14		2,834,661		3,193,276
Investments	11		100		100
Current assets					
Stocks		52,576		56,061	
Debtors	12	1,505,287		1,418,962	
Cash at bank and in hand		1,030,664		1,034,222	
		2,588,527		2,509,245	
Current liabilities					
Creditors (amounts falling due within one year)	13	(3,459,823)		(3,244,179)	
Net current (liabilities) /assets			(871,296)		(734,934)
Net assets excluding pension fund (liability)			1,963,465		2,458,442
Pension fund (liability)	21	(5,113,000)		(13,014,000)	
Net liabilities			(3,149,535)		(10,555,558)
Funds					
Restricted funds	15		82,499		109,999
Unrestricted funds	16				
Designated fund - assets & infrastructure		531,400		725,000	
Designated fund – operational commitments		24,234		24,234	
General fund		1,325,332		1,599,209	
Unrestricted funds excluding pension reserve		1,880,966		2,348,443	
Pension reserve	21	(5,113,000)		(13,014,000)	
Total unrestricted funds			(3,232,034)		(10,665,557)
Total funds		18	(3,149,535)		(10,555,558)

The Company registration number is **SC365792**.

The notes on pages to 34 to 47 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:



2.10.18

North Lanarkshire Leisure Ltd

Consolidated Statement of Cash Flows for the year ended 31 March 2018

	Note	2018 £	2017 £
Cash Flows from Operating Activities	19		
Net cash provided by operating activities		546,370	561,899
Cash Flows from Investing Activities			
Dividend, Interest and rents from investments		3,687	4,578
Purchase of property, plant and equipment		(508,874)	(474,223)
Net Cash used in investing activities		(505,187)	(469,645)
Cash Flows from Financing Activities		-	-
Change in cash and cash equivalents in the reporting period		41,183	92,254
Cash and Cash equivalents at the beginning of the reporting period		1,075,287	983,033
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and Cash equivalents at the end of the reporting period		1,116,470	1,075,287

The notes on pages 34 to 47 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 6 – 9.

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.

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

Going Concern

The accounts are prepared on a going concern basis. The group has total unrestricted funds before the pension reserve of £1,880,966 (2017: £2,348,444) and total funds before the pension reserve of £1,963,465 (2017: £2,458,442). At 31 March 2018 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 to be reviewed by 1st April 2019.

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 constructive obligation committing the company to the expenditure. Where costs cannot be directly attributed to particular functional activities, they have been allocated to activities on a basis consistent with the use of resources.

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

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

Stock

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

Operating leases

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

Pension costs

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

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

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

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

Fixed assets and depreciation

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

Leasehold improvements	5 years – 10 years
Plant & equipment	3 years – 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.

2. Investment income – Group and Company

	2018	2017
	£	£
Bank and other interest	3,687	4,578
	<u>3,687</u>	<u>4,578</u>

3. Income from charitable activities – Group

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
Income from operating activities	14,320,316	-	14,320,316	14,293,221
Income from contract with North Lanarkshire Council	8,310,056	-	8,310,056	9,020,141
Grant Funding	-	500,099	500,099	326,827
	<u>22,630,372</u>	<u>500,099</u>	<u>23,130,471</u>	<u>23,640,189</u>

Grant funding includes funding from NHS and NLC as detailed in Note 15.

4. Income from charitable activities – Company

	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
Income from operating activities	14,320,316	-	14,320,316	14,293,221
Income from contract with North Lanarkshire Council	8,310,056	-	8,310,056	9,020,141
Grant Funding	-	500,099	500,099	326,827
	<u>22,630,372</u>	<u>500,099</u>	<u>23,130,471</u>	<u>23,640,189</u>

Grant funding includes funding from NHS and NLC as detailed in Note 15.

5. Catering & merchandising costs - Group

	Catering 2018 £	Merchandising 2018 £	Total 2018 £	Total 2017 £
Salaries & wages	452,097	-	452,097	556,882
Property costs	-	-	-	44
Supplies & services	4,386	115,795	120,181	121,554
Other expenditure	667,415	-	667,415	747,555
Support Costs (note 8)	343,068	-	343,068	206,804
	<u>1,466,966</u>	<u>115,795</u>	<u>1,582,761</u>	<u>1,632,839</u>

North Lanarkshire Leisure Ltd

6. Catering & merchandising costs - Company

	Catering 2018 £	Merchandising 2018 £	Total 2018 £	Total 2017 £
Salaries & wages	452,097	-	452,097	556,882
Supplies & services	3,687	115,795	119,482	120,844
Other expenditure	663,582	-	663,582	732,689
Support Costs (note 8)	333,899	-	343,899	203,889
Governance Costs (note 9)	9,169	-	9,169	2,915
	1,462,434	115,795	1,578,229	1,617,219

7. Charitable Activities – Group and Company

	Unrestricted Funds		Designated Funds	Restricted Funds	Total	Total
	Direct 2018 £	Support 2018 £	2018 £	2018 £	2018 £	2017 £
Cost of sales	1,299	-	-	4,998	6,297	6,210
Salaries & wages	12,138,677	2,112,211	-	262,844	14,513,732	15,235,211
Property Costs	3,896,587	46,861	-	47,086	3,990,534	4,044,595
Supplies & services	1,136,579	210,115	-	76,719	1,423,413	1,318,145
Transport Costs	146,946	20,223	-	10,410	177,579	501,919
Administrative Costs	1,059,907	688,291	-	71,234	1,819,432	1,645,641
Payments to Other Bodies	82,970	24,577	-	16,400	123,947	48,857
Central Costs	6,981	1,369,106	193,600	37,908	1,607,595	1,552,606
Governance Costs (note 9)	-	146,314	-	-	146,314	74,658
Pension Costs	1,630,000	-	-	-	1,630,000	665,000
	20,099,946	4,617,698	193,600	527,599	25,438,843	25,092,842

8. Allocation of support costs

	Operations	Sports Development	Sub Total	Catering	Total	Basis of Allocation
	2018	2018	2018	2018	2018	
	£	£	£	£	£	
Management	2,859,931	667,317	3,527,248	274,077	3,801,325	Employee Numbers
Finance	186,916	10,325	197,241	12,489	209,730	Budget
Information Technology	429,502	36,223	465,725	23,286	489,011	Number of PC's
Human Resources	346,607	80,877	427,484	33,216	460,700	Employee Numbers
Total	3,822,956	794,742	4,617,698	343,068	4,960,766	

North Lanarkshire Leisure Ltd

9. Governance costs – Group and Company

	2018 £	2017 £
Allocation of Managing Director costs	22,979	21,738
Internal Audit Fees	6,624	4,000
Audit fees		
Audit of these financial statements	15,772	14,700
Tax Services	-	5,800
Other professional fees and costs	<u>110,108</u>	<u>31,334</u>
	<u>155,483</u>	<u>77,572</u>

10. Staff numbers and costs

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

	2018 £	2017 £
Wages & salaries	11,879,612	12,715,719
Redundancy Costs	758,171	428,421
Payments in lieu of notice	95,052	82,020
Social security costs	<u>838,644</u>	<u>940,939</u>
	13,571,479	14,167,099
Pension costs		
Current Service Cost	2,854,000	2,242,000
Loss on curtailment	-	-
Net Interest Cost	<u>368,000</u>	<u>175,000</u>
	<u>16,793,479</u>	<u>16,584,099</u>

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

	2018 Number	2017 Number
£80,000 - £90,000	<u>1</u>	<u>1</u>

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

	2018 £	2017 £
Salary and benefits – Managing Director	80,897	80,697
Salary and benefits – Corporate Management Team	<u>326,443</u>	<u>315,166</u>

North Lanarkshire Leisure Ltd

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

	2018	2017
	Number	Number
Administration staff (e.g. Venue Managers, Health & Fitness Managers, Receptionists, Sport Development Officers, Swimming Teachers, Engineers & Head Office staff)	258	233
Leisure staff (e.g. Leisure Attendants, Catering Staff, Gym Instructors & Cleaners)	294	255
Sessional staff	217	363
Total	<u>769</u>	<u>849</u>

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 £172 (2016/17 £248). Board Directors are eligible for discounted membership of the Access NL gym membership scheme and 7 Directors have taken advantage of this at no cost to the company.

Two Board members (William Shearer and Alan Airlie) were employed by the Company and received remuneration and pension as employees totalling £78,381 during 2017/18 which is split £40,172 and £38,209 and can be broken down as follows:

	2018	2018	2017	2017
	£	£	£	£
Salary	28,740	29,329	29,952	36,651
Overtime	3,094	-	5,006	-
Pension	5,071	5,265	5,341	7,017
National Insurance Contributions	3,267	3,615	3,705	3,938
Car Allowances	-	-	-	-
Total	<u>40,172</u>	<u>38,209</u>	<u>44,004</u>	<u>47,606</u>

11. Trading Subsidiary

A trading subsidiary, North Lanarkshire Leisure Trading CIC Limited (SC365792), 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 2017/18 has been distributed to NL Leisure Ltd.

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

	2018	2017
	£	£
Turnover	103,753	73,386
Administrative expenses	(77,545)	(69,841)
Other operating income	-	-
OPERATING PROFIT	<u>26,208</u>	<u>3,545</u>
NET RESULT	<u>26,208</u>	<u>3,545</u>

North Lanarkshire Leisure Ltd

The assets and liabilities of the subsidiary were:

	2018	2017
	£	£
Assets	104,646	59,911
Liabilities	(104,546)	(59,811)
Funds	100	100

12. Debtors

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Trade Debtors	221,610	208,243	298,077	280,117
Amounts due from related party	919,635	919,635	954,909	954,909
Prepayments and accrued income	282,870	278,188	126,185	126,395
Due from Group Company	-	99,221	-	57,541
	1,424,115	1,505,287	1,379,171	1,418,962

13. Creditors: amounts falling due within one year

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Bank overdraft	-	-	-	-
Trade creditors	(753,640)	(752,424)	(621,903)	(616,672)
Other taxes and social security costs	(503,455)	(503,455)	(539,252)	(539,252)
Amount due to related party	(78,189)	(78,189)	(223,140)	(223,140)
Other creditors and accruals	(2,129,863)	(2,125,755)	(1,861,927)	(1,860,103)
Amounts due to group	-	-	-	(5,012)
	(3,465,147)	(3,459,823)	(3,246,222)	(3,244,179)

14. Tangible fixed assets (Group and Company)

	Leasehold Improvements £	Furniture & Fittings £	Plant & Equipment £	Computer Equipment £	Total Assets £
Cost at 1 April 2017	4,978,314	277,957	1,785,572	560,643	7,602,486
Additions	337,835	-	171,039	-	508,874
Disposals	(220,233)	(16,015)	(458,973)	(13,305)	(708,526)
Gross book value as at 31 March 2018	5,095,916	261,942	1,497,638	547,338	7,402,834
Depreciation at 1 April 2017	2,474,060	176,980	1,247,796	510,374	4,409,210
Depreciation provided for year	623,708	29,575	178,399	35,807	867,489
Depreciation on disposals	(220,233)	(16,015)	(458,973)	(13,305)	(708,526)
Cumulative depreciation as at 31 March 2018	2,877,535	190,540	967,222	532,876	4,568,173
Net book value as at 31 March 2018	2,218,381	71,402	530,416	14,462	2,834,661
Net book value as at 31 March 2017	2,504,254	100,976	537,775	50,271	3,193,276

North Lanarkshire Leisure Ltd

15. Restricted funds (Group and Company)

	Projects - General	Projects - NHS	Projects - FNP	Programmes	Capital Grant	Total Restricted Funds
Balance as at 1 April 2017	-	-	-	-	109,999	109,999
Income	171,000	163,040	122,065	43,994	-	500,099
Expenditure	171,000	163,040	122,065	43,994	27,500	472,599
Balance as at 31 March 2018	-	-	-	-	82,499	82,499

Projects: General

These include the Saturday Sports scene project which provides diversionary activities across 5 sites in North Lanarkshire. The main funder in this area is North Lanarkshire Council.

Projects: NHS

There are a number of specific projects which the NHS have continued to fund since 2011 and these include 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.

There have been two new programmes this year, Walking Football and Mental Health. These have been introduced to help support people live healthier and more independent lives

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 and Outreach.

Capital Grant

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

16. Movement in reserves (Group and Company)

	Unrestricted Fund			Restricted Fund	Total Funds
	Designated Fund	General Fund	Pension Reserve		
	£	£	£	£	£
Opening reserves at 1 April 2017	749,234	1,599,209	(13,014,000)	109,999	(10,555,558)
Add deficit for the period	(193,600)	(273,877)	(1,630,000)	(27,500)	(2,124,977)
Transfer between funds: Actuarial loss for the period	-	-	9,531,000	-	9,531,000
Reserves at 31 March 2018	555,634	1,325,332	(5,113,000)	82,499	(3,149,535)

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

17. Analysis of net assets between funds - Group

	Unrestricted Funds			Restricted	Totals
	General	Pension	Designated	Funds	
	2018	2018	2018	2018	2018
	£	£	£	£	£
Fund balances at 31 March 2018 are represented by:					
Tangible fixed assets	2,196,528	-	555,634	82,499	2,834,661
Current assets	2,593,951	-	-	-	2,593,951
Current liabilities	(3,465,147)	-	-	-	(3,465,147)
Pension Fund Liability		(5,113,000)	-	-	(5,113,000)
	1,325,332	(5,113,000)	555,634	82,499	(3,149,535)

18. Analysis of net assets between funds – Company

	Unrestricted Funds			Restricted	Totals
	General	Pension	Designated	Funds	
	2018	2018	2018	2018	2018
	£	£	£	£	£
Fund balances at 31 March 2018 are represented by:					
Tangible fixed assets	2,196,528	-	555,634	82,499	2,834,661
Investments	100	-	-	-	100
Current assets	2,588,527	-	-	-	2,588,527
Current liabilities	(3,459,823)	-	-	-	(3,459,823)
Pension Fund Liability		(5,113,000)	-	-	(5,113,000)
	1,325,332	(5,113,000)	555,634	82,499	(3,149,535)

19. Notes to the statement of cash flows

Reconciliation of net income to net cash inflow from operating activities

	2018	2017
	£	£
Net expenditure for the year	(2,124,977)	(1,180,276)
Adjustments for:		
Depreciation charges	867,489	811,384
Dividends, interest and rents from investments	(3,687)	(4,578)
Net pension adjustment FRS102	1,630,000	665,000
Decrease in stocks	3,565	45,783
Decrease in debtors	(44,944)	457,855
Decrease in creditors	218,924	(443,569)
Net cash provided from operating activities	546,370	351,599

Reconciliation of net cash flow to movement in net debt

	2018	2017
Increase / (Decrease) in cash in the year	41,183	92,254
Net (debt) / funds at the start of the year	1,075,287	983,033
Net Funds	1,116,470	1,075,287

North Lanarkshire Leisure Ltd

Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	1,116,470	1,075,287
Overdraft facility repayable on demand	-	-
Total Cash and Cash Equivalents	<u>1,116,470</u>	<u>1,075,287</u>

20. Commitments

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

	Land & Buildings	Other	Total	Total
	2018	2018	2018	2017
	£	£	£	
Operating leases which expire:				
In Year one	-	600,139	600,139	620,841
In the second to fifth years inclusive	-	224,317	224,317	562,199
	-	<u>824,456</u>	<u>824,546</u>	<u>1,183,040</u>

21. 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 2017. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2018 using the following assumptions.

	2018	2017
Rate of increase in salaries	3.5%	4.4%
Rate of increase in pensions in payment	2.3%	2.4%
Discount rate	2.7%	2.7%

	2018		2017	
	Males	Females	Males	Females
Post Retirement Mortality				
Current Pensioners	21.4 years	23.7 years	22.1 years	23.6 years
Future Pensioners	23.4 years	25.8 years	24.8 years	26.2 years

The Fair value of employer assets are:

	2018	2017
	£	£
Equities	32,126,000	35,787,000
Bonds	11,918,000	6,135,000
Property	5,700,000	6,135,000
Cash	2,072,000	3,067,000
Total	<u>51,816,000</u>	<u>51,124,000</u>

North Lanarkshire Leisure Ltd

The amounts recognised in the balance sheet are as follows:

	2018 £	2017 £
Present value of funded obligations	(56,929,000)	(64,138,000)
Fair value of plan assets	<u>51,816,000</u>	<u>51,124,000</u>
Net Liability	<u>(5,113,000)</u>	<u>(13,014,000)</u>

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

	2018 £	2017 £
Opening Defined Benefit Obligation	64,138,000	44,457,000
Service cost	2,854,000	2,242,000
Interest cost	1,767,000	1,642,000
Contribution by Members	515,000	523,000
Actuarial (Gains) / Losses	(11,677,000)	15,718,000
Losses on Curtailments	13,000	-
Liabilities Assumed in a Business Combination	-	-
Benefits Paid	<u>(681,000)</u>	<u>(444,000)</u>
Closing defined benefit obligation	<u>56,929,000</u>	<u>64,138,000</u>

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

	2018 £	2017 £
Opening plan assets	51,124,000	39,839,000
Interest income	1,399,000	1,467,000
Actuarial gains / (losses)	(2,146,000)	7,987,000
Contributions by employer	1,605,000	1,752,000
Contributions by members	515,000	523,000
Assets acquired in a Business Combination	-	-
Benefits paid	<u>(681,000)</u>	<u>(444,000)</u>
Closing plan assets	<u>51,816,000</u>	<u>51,124,000</u>

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

	2018 £	2017 £
Current service cost	2,854,000	2,242,000
Past service cost	13,000	-
Interest on obligation	1,767,000	1,642,000
Interest on plan assets	(1,399,000)	(1,467,000)
Losses on Curtailments	-	-
Total	<u>3,235,000</u>	<u>2,417,000</u>

North Lanarkshire Leisure Ltd

The history of experience gains and losses are as follows:

	2018	2017	2016	2015	2014
	£	£	£	£	£
Present value of liabilities	56,929,000	64,138,000	44,457,000	47,051,000	33,273,000
Percentage of the present value of liabilities	0%	0%	0.30%	2.5%	0.00%
Value of assets	51,816,000	51,124,000	39,839,000	37,118,000	27,951,000
(Deficit) / Surplus	(5,113,000)	(13,014,000)	(4,618,000)	(9,933,000)	(5,322,000)
Experience gains / (losses) arising on the scheme liabilities	-	-	139,000	1,162,000	2,000
Actuarial (losses) / gains recognised in SOFA	9,531,000	(7,731,000)	6,642,000	(6,702,000)	(1,241,000)
Present value of liabilities	56,929,000	64,138,000	44,457,000	47,051,000	33,273,000
Percentage of the present value of liabilities	(16.70)%	(12.10)%	(14.90)%	(14.20)%	(3.70)%
Experience gains on assets					391,000
Percentage of Assets					1.40%

The projected pension expense for the year to 31st March 2019 is approximately £1,579,000.

22. Related party transactions

North Lanarkshire Council (NLC), the sole member of NL LEISURE, made a contribution as per the service specification of £8,310,056 (2017 - £9,020,141) to the Company and leased the facilities occupied by the Company for a peppercorn rent. The transactions with NLC to 31st March 2018 were as follows; the Company incurred costs from NLC of £150,853 (2017 - £278,946) 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 £8,915,130 (2017 - £9,019,779), 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 2018 the Company owed the Council £75,812 (2017 - £220,564) and the Council owed the Company £919,635 (2017 - £954,909).

Six directors of the Company were members of North Lanarkshire Council during the period ended 31 March 2018, these being P Kelly, F McNally, P Hogg, W Shields, F Fotheringham and N Wilson.

Culture NL, an arms' length external organisation of North Lanarkshire Council. At 31 March 2018 the Company owed Culture NL £2,376 (2017 - £2,576) and Culture NL owed the Company £nil (2017 - £nil). Transactions with Culture NL include facility hire, room hire and courier charges, the company incurred costs from Culture NL of £20,525 (2017 - £18,323) during the year.

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23. Statement of Financial Activities – extended comparisons

Group:

	Notes	General Fund £	Pension Fund £	Designated Fund £	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Totals 2017 £
Income and endowments							
Incoming Resources from trading activities:							
Other trading activities:							
Catering		1,383,625	-	-	1,383,625	-	1,383,625
Rental income		302,566	-	-	302,566	-	302,566
Merchandising		214,448	-	-	214,448	-	214,448
Income from Investments	2	4,578	-	-	4,578	-	4,578
		<u>1,905,217</u>	<u>-</u>	<u>-</u>	<u>1,905,217</u>	<u>-</u>	<u>1,905,217</u>
Income from charitable activities:							
Advancement of health, education and amateur sport	4	23,313,362	-	-	23,313,362	326,827	23,640,189
Total Income and Endowments		<u>25,218,579</u>	<u>-</u>	<u>-</u>	<u>25,218,579</u>	<u>326,827</u>	<u>25,545,406</u>
Expenditure on:							
Raising funds:							
Catering	5	1,523,969	-	-	1,523,969	-	1,523,969
Merchandising		108,870	-	-	108,870	-	108,870
Total cost of raising funds		<u>1,632,839</u>	<u>-</u>	<u>-</u>	<u>1,632,839</u>	<u>-</u>	<u>1,632,839</u>
Charitable Activities							
Advancement of health, education and amateur sport	7	23,865,915	665,000	207,600	24,738,515	354,327	25,092,842
		<u>23,865,915</u>	<u>665,000</u>	<u>207,600</u>	<u>24,738,515</u>	<u>354,327</u>	<u>25,092,842</u>
Total Expenditure		<u>25,498,754</u>	<u>665,000</u>	<u>207,600</u>	<u>26,371,354</u>	<u>354,327</u>	<u>26,725,681</u>
Net Movement in Funds		(280,175)	(665,000)	(207,600)	(1,152,775)	(27,500)	(1,180,275)
Actuarial gain/(losses) on defined benefit pension scheme		-	(7,731,000)	-	(7,731,000)	-	(7,731,000)
Transfer between Funds		-	-	-	-	-	-
		<u>(280,175)</u>	<u>(8,396,000)</u>	<u>(207,600)</u>	<u>(8,883,775)</u>	<u>(27,500)</u>	<u>(8,911,275)</u>
Fund balances brought forward at 1 April 2017		1,879,384	(4,618,000)	956,834	(1,781,782)	137,499	(1,644,283)
Fund balances carried forward at 31 March 2018	16	<u>1,599,209</u>	<u>(13,014,000)</u>	<u>749,234</u>	<u>(10,665,557)</u>	<u>109,999</u>	<u>(10,555,558)</u>

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Company:

	Notes	General Fund £	Pension Fund £	Designated Fund £	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Totals 2017 £
Income and endowments							
Incoming Resources from trading							
Other trading activities:							
		1,368,005			1,368,005		1,368,005
		302,566			302,566		302,566
		214,448			214,448		214,448
	2	4,578			4,578		4,578
		<u>1,889,597</u>	-	-	<u>1,889,597</u>	-	<u>1,889,597</u>
Income from charitable activities:							
		23,313,362			23,313,362	326,827	23,640,189
	4						
		<u>25,202,959</u>	-	-	<u>25,202,959</u>	<u>326,827</u>	<u>25,529,786</u>
Expenditure on:							
Raising funds:							
		1,508,349			1,508,349		1,508,349
	6	108,870			108,870		108,870
		<u>1,617,219</u>	-	-	<u>1,617,219</u>	-	<u>1,617,219</u>
Charitable Activities							
		23,865,915	665,000	207,600	24,738,515	354,327	25,092,842
	7						
		<u>25,483,134</u>	<u>665,000</u>	<u>207,600</u>	<u>26,355,734</u>	<u>354,327</u>	<u>26,710,061</u>
		(280,175)	(665,000)	(207,600)	(1,152,775)	(27,500)	(1,180,275)
			(7,731,000)		(7,731,000)	-	(7,731,000)
		<u>(280,175)</u>	<u>(8,396,000)</u>	<u>(207,600)</u>	<u>(8,883,775)</u>	<u>(27,500)</u>	<u>(8,911,275)</u>
		1,879,384	(4,618,000)	956,834	(1,781,782)	137,499	(1,644,283)
	16	<u>1,599,209</u>	<u>(13,014,000)</u>	<u>749,234</u>	<u>(10,665,557)</u>	<u>109,999</u>	<u>(10,555,558)</u>

24. Post Balance Sheet Event

On 27th September 2018 North Lanarkshire Council approved the integration of North Lanarkshire Leisure with Culture NL. The entity which shall be retained as the integrated delivery model for Sport, Culture and Leisure Services for North Lanarkshire will be Culture NL. A shadow Board is to be formed as the mechanism for progressing the Committee decision.