

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

**Annual Report
and Financial Statements
for the year ended 31 March 2019**

Registered Number SC303391

Charity Number SC037439

Annual Report and Financial Statements for the year ended 31 March 2019

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North Lanarkshire Leisure Ltd

Welcome from Chairman Derek Gamble

I am delighted to present the 2018/19 annual report for North Lanarkshire Leisure (NLL). This is the 13th annual report since NLL was formed as a charitable sport and leisure trust on the 16th September 2006.

Although I have been on NLL's Board as an independent Director since NLL's formation, this is my first complete year acting in the capacity as chair of the Board.

As such it has been a very exciting, busy and challenging first year for me in this new role with a number of first class initiatives, events and programmes completed over the year, which are outlined in this annual report.

At NLL we want to encourage as many people as possible to engage with physical activity regardless of their ability, age, physical condition or background. Our ethos is to help 'Every Body' find their best path to better health and fitness.

We know that undertaking physical activity has the potential to transform and improve lives, and for many people, this potential lies in finding an activity they enjoy and being supported to stay motivated. Our new award winning marketing campaign 'We Support Every Body' aimed to highlight how NLL could help anyone to take up exercise, increase their fitness, and realise their potential, through our diverse range of classes, high quality gyms, personal training offers and sports development activities.

The campaign reflects the exceptionally broad range of activity on offer across NLL, from specialist classes for those with health conditions to personal training for budding athletes. It also relates to our ability, through our diverse and highly qualified instructors and coaches, to support anyone, and help them achieve their aspirations for improved fitness whatever these might be.

One important area, particularly for a service that relies so heavily on a sports specific venue infrastructure is naturally the need to maintain the fabric of the estate, across what is a large portfolio of buildings and facilities providing an impressive range of sport and leisure services that NLL operates on behalf of North Lanarkshire Council.

NLL have consistently remained at the forefront of the sector and have achieved some of the highest 'Leisuresafe' scores in the industry in the UK and since I am also the NLL Director with responsibility for health and safety, I am rightly proud of the entirely positive contribution made by the team to this notable and worthy achievement.

This highlights the impact of just one team to NLL's entire operation, but I am delighted to say and have generally found that this scenario is repeated, again and again, across all service areas of the business as NLL's staff remain a crucial aspect of delivering excellent customer services for all. It is clear that their efforts are focussed and galvanised behind NLL's sport, recreation, advancement of health and provision of social welfare charitable objectives.

Working closely in partnership with our colleagues in North Lanarkshire Council and commencing at the start of the year covered by this annual report, NLL embarked on an ambitious capital plan on the 1st April 2018, which will see around £10m of investment from NLC, in NLL's facilities over the next five years to 31st March 2023.

In order to maximise the impact of this investment and therefore with a view to further improving the health and wellbeing of North Lanarkshire residents, this capital investment programme has been aligned to make as great an impact as early as possible. Accordingly, the Tryst Sports Centre has already enjoyed around £1m of investment during the first year to completely refresh the

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venue and bring the centre, which has served the public in Cumbernauld well over the past 46 years, up to modern day standards.

Similarly, Kilsyth Swimming Pool, Shotts Leisure Centre and the Time Capsule in Coatbridge have also enjoyed major refurbishment and maintenance works this year. Reflecting the significant popularity of team sports in the area, the indoor 3G pitch within Ravenscraig Regional Sports Facility in Motherwell and the West End Park pitch at Sir Matt Busby Sports Complex in Bellshill and the Ravenswood 3G pitch in Cumbernauld have also been replaced, which helps maintain quality, state of the art facilities and specialist sports turf surfaces to continue serve the growing needs of community sports clubs in the area.

At the same time, there has been significant changes within North Lanarkshire during the year, with the Council appointing a new Chief Executive Officer and new Corporate Management Team, which has been strategically realigned to deliver excellent customer focussed, best value public services around the new 'We Aspire' vision. Myself and my fellow directors and management and staff of NLL all completely echo both the vision and the proposed delivery strategy, which is aimed at North Lanarkshire working towards becoming one of the best areas in Scotland to 'Live, Learn, Work, Invest and Visit'.

This in reality will be the last full year annual report for North Lanarkshire Leisure (NLL), since throughout this year, we have been working very closely with both the Council and our colleagues within CultureNL (CNL) towards merging both into a unitary, focussed and integrated sports, leisure and cultural trust to become Culture and Leisure North Lanarkshire (C&LNL). Therefore, following months of planning, hard work and endeavour, I am delighted to say that NLL transitioned to the new charitable entity on the 21st June 2019.

In difficult and financially challenging times such as these, North Lanarkshire Leisure's driving charitable core service principles and similarly those of CultureNL become even more important than they have ever been and therefore I am proud to commend the performance and achievements outlined here in the 2018-19 annual report for NLL. Importantly, as one chapter draws to a close, correspondingly another exciting chapter opens and I am confident and sure that this forthcoming merged charitable entity with the newly combined range of service areas will become a key component of helping to deliver the Council's new 'We Aspire' vision to the residents, visitors and businesses across the authority.

I am sure that the new charity will move forward positively together to provide even better joined up and more responsive, user focussed, community sport, leisure and cultural services, which are even more viable, sustainable and engaging; improving both individual quality of life and collective quality of living for our communities.

Yours, Together in Sport



Derek Gamble, Chair

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Introduction to the 2018/2019 report

This annual report outlines another very successful year for North Lanarkshire Leisure in delivering a wide range of charitable sport and leisure services on behalf of North Lanarkshire Council, with many continuing core activities being enhanced and developed, together with a number of new and innovative initiatives and events and in some cases nationally recognised 'award winning' programmes.

The company achieved a surplus of £337,551 all of which will be invested back into meeting our objectives; income of £15,581,062 was achieved and customer attendances exceeded 4.6M. All of our efforts are fully aimed at improving the health and wellbeing of the communities we serve and is fully encompassed in our current marketing strapline 'We Support Everybody'.

At NLL we engage all ages, from the very young to the elderly, and are passionate about the benefits physical activity can bring for everyone. We work to provide a broad range of fitness, sport and health improvement activities, creating many opportunities to participate for the diverse population of North Lanarkshire. Our aim is to help everyone find a path into exercise that suits them, whatever their age, level of fitness or physical health. This has been another busy and very successful year. We have continued to improve our facilities and build our services to meet our customers' expectations in a highly competitive leisure sector, while ensuring we provide accessible opportunities for all the community, and particularly disadvantaged young people.

I'm delighted to say that 2018-19 was once again a significant year for major events in North Lanarkshire, with NLL playing our part to support the inaugural combined 'multi-sport' European Championships, which was jointly hosted by the 2018 Glasgow and Berlin Games Organising Committees, with North Lanarkshire staging the triathlon and rowing competitions within Strathclyde Country Park. A major and very important games legacy component of this, was also facilitating community participation events in both the run up to and following the championships, thus allowing local sports people, clubs and individuals the opportunity to participate on the same courses, using the same major events layout and infrastructure as some of the best athletes and sports people in Europe. Hopefully this has helped to inspire the next generation of podium hopefuls from North Lanarkshire to follow in their sporting heroes footsteps....or their tyre tracks....or indeed their wakes (swimming or sculling in the water).

As well as continuing to become known as a great destination for National, European and in some cases world class sports events at the international level, the provision of local sporting and physical activity events in the area continues to improve, grow and develop, with North Lanarkshire successfully hosting the annual clubsportnl Monklands half marathon, the Christmas Cracker 5k, the SAMH (Scottish Association of Mental Health) Annual Suicide Prevention Tournament, inter-regional rugby and local dance and gymnastics competitions, to name but a few.

While we operate as a charity, we must also be an effective business – the income we raise supports the programmes we provide to meet our charitable objectives. Without doubt, our success in achieving these dual aims is due to the dedication of NLL staff. Their enthusiasm and hard work is behind the success of our new projects, our innovative outreach, our growth in sports development and the various high quality programmes and events we deliver for North Lanarkshire residents. I am particularly grateful to our staff for their on-going commitment during this past year as we move towards a merger with CultureNL (CNL).

Coming together with CNL will clearly demand that we adapt and change but it also brings a unique opportunity to re-design public service provision with regard to leisure and culture. I am grateful that NLL staff have embraced this view and wish to champion the potential a single organisation

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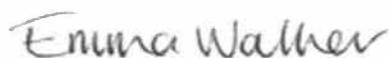
can realise. We have spent much of this past year laying the groundwork to bring NLL and CNL together, and there are, of course, challenges in merging but we must view these challenges within the wider, and far more significant prospect of making real and lasting change to the wellbeing of the people of North Lanarkshire.

The merger will be a considered and careful process. Protecting frontline services will be crucial to ensure we continue to meet customer expectations and protect our diverse range of social impact programmes. Together we will become 'Culture and Leisure North Lanarkshire Ltd.' but the two very strong brands of NLL and CNL will continue, and our high quality approach will remain at our core. The recent ALEO review was a positive process for us – we have over achieved on what we set out to do – and being fit for the future demands that we continue to pioneer exceptional service and embrace transformational change.

We must continue to be data-driven and to modernise through new technologies. To increase the impact of culture and leisure services we will need to creatively provide opportunities in new places and in new ways. Merging will facilitate capacity building within a wider range of venues and the development of multi-activity hubs, while pooling expertise across both organisations could bring a step-change in the delivery of more accessible services, increased community participation and more effective engagement of hard to reach groups. Scale, reach and impact could be significantly enhanced. My hope is that coming together will fulfil the vision of helping everyone in North Lanarkshire to flourish.

Once again, I am really pleased and genuinely proud of the performance and service improvements outlined in this annual report for North Lanarkshire Leisure and we will all look forward to continuing to collectively grow the business and charitable purposes of the new Culture and Leisure North Lanarkshire, during the next financial year.

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 2019

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 2019.

Reference and administrative details

Charity Number	SC037439
Company Number	SC303391
Registered Office	1 Ardgoil Drive, Cumbernauld, Glasgow, G68 9NE
Directors	P Kelly F McNally B Burgess J Linden F Fotheringham W Shields D Gamble W Shearer G McKenzie R McCallum K McLoughlin P Hogg N Wilson
	Appointed 20.12.18 Appointed 20.12.18 Removed 20.12.18 Removed 20.12.18
Managing Director	E Walker
Company Secretary	N Lynch
Corporate Management Team (CMT)	N Lynch – Head of Finance and IT J Burn – Head of HR & Payroll C Walker – Head of Operations S Miller – Head of Sales S Gallagher – Head of Policy & Strategy D Park – Head of Health, Safety & Estates
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, or ALEO, of North Lanarkshire Council, independent Governance of NL Leisure is maintained by an experienced Board of Directors who have been drawn from diverse fields including public service, business and sport.

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

The subsidiary company – North Lanarkshire Leisure Trading Community Interest Company, was set up to undertake non-charitable trading activities on behalf of the parent company. These activities include conferencing; hospitality and special events. Any profit made by the subsidiary is distributed back to the parent.

Mission

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

Board of Directors

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

NL Leisure may have up to 13 directors; 6 'partner directors' who also serve as elected members of North Lanarkshire Council; 6 independent directors (from various fields) and 1 trade union director. During 2018-19 there were 2 vacant independent director posts.

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

Corporate Management Team (CMT)

The trust's day to day operations are managed by 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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Disability Policy

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

Employees

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

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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

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

Strategic priorities

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

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

NL Leisure scope

The scope of activity can be highlighted as follows:

Venues

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

Sports development

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

¹ As recognised by the Office of the Scottish Charity Regulator

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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.

Strategic partnerships

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

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

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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 2018-19

In response to reducing levels of financial provision in accordance with year on year, reducing national and local government revenue budgets in the current austerity based economic climate, coupled with the growth in local competition around certain 'more profitable' aspects of service provision, NLL has unfortunately, been compelled to rationalise some opening hours across a few venues in response to the level of savings currently required. NLL have done this over the course of this annual review period, while attempting to retain as effective a level of charitable sport and leisure provision as possible in each area and across the authority and if the funding situation improves in the future, will act to restore lost service provision; where possible.

Although this annual report does reflect a number of great initiatives, programmes, and achievements, a number of the high level key performance indicator results should be interpreted in view of this current economic operating environment and is not reflective of the continued hard work and dedication of NLL's partners and staff to continue to improve health and wellbeing of the people of North Lanarkshire, through sports and physical activity participation.

Customer income

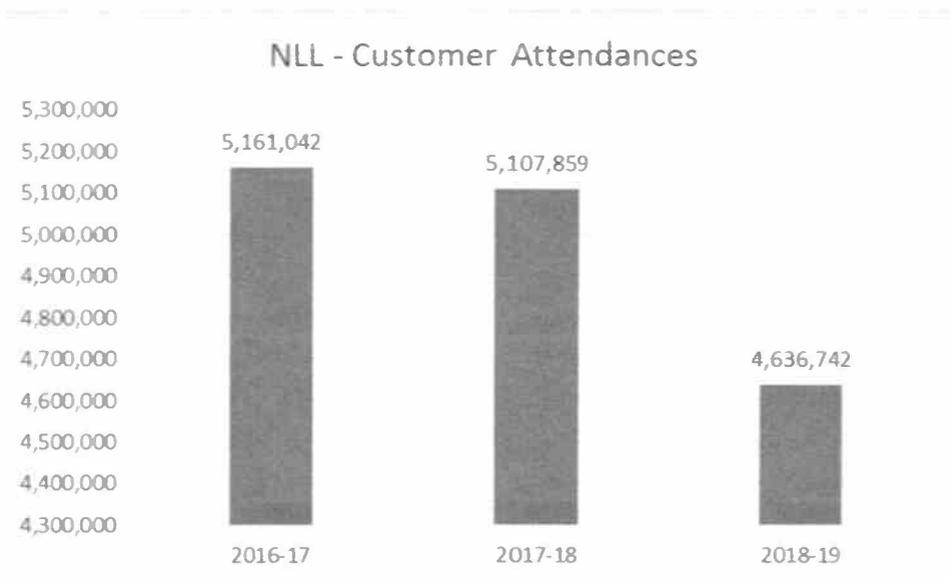
In 2018-19 customers contributed £15.58m to the trust down from £16.08m in the previous year, a decrease of £537,565 or -3.34%. This reflects the increase in competition in the health and fitness segment industry. The income pattern since 2016-17 is shown in the chart below.



Customer attendances

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The graph below highlights the pattern of attendances across our venues over the past three years.



Leading the income pattern, NLL's customer attendance has fallen from 5.16m in 2016-17 to 4.64m in 2018-19, with a reduction of 471,117 (-9.22%) on 2017-18 .

There were a number of venue closures over the course of the year to undertake the necessary capital and cyclical maintenance works which are described later in this report and naturally this will have impacted the global attendance figure for NLL overall.

Membership income

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

However, during 2018-19 membership income has shown the second successive year drop since AccessNL was introduced in 2003, dropping from £6.92m in 2017-18 by -£360,405 (-5.21%) to £6.56m in 2018-19 as can be seen in the graph below.

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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 recently being introduced to 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

The health and safety and the maintenance of the wide portfolio of facilities, plant and equipment and specialist sports turf surfaces to support a varied activity programme that NLL provides is a critical element in maintaining a responsive, reliable, safe and efficient service. Many of the activity areas requires constant monitoring to maintain appropriate environmental conditions, whilst working within strict, safe and hygienic public health standards, which is associated with providing such a diverse range of quality sport and fitness opportunities for all.

At the same time, this range of the required environmental conditions, parameters and factors can adversely impact the fabric of the building, with its associated fixtures and fittings, plant and machinery. There is therefore a need to ensure that there is appropriate and robust planned preventative, cyclical and reactive repair and maintenance programmes and building management system in place to continue to provide and develop services and their associated programmes. In addition to the public health and hygiene requirements, there are also health and safety risks naturally associated with participating in sport and leisure activities that requires to be actively managed across the entire sporting estate in order to minimise and control these inherent risks. There is therefore a need to have consistently high standards of control with associated programmes and procedures to respond effectively and efficiently to any emergency or abnormal situations that may arise.

Additionally, the growth in litigation and 'no win, no fee' legal representation means that NLL has been very pro-active in maintaining and developing this aspect of service provision to maintain the highest level of standards possible, with NLL remaining at the forefront within the industry and achieving some of the highest 'Leisuresafe' scores in the UK, with this scheme being independently assessed industry based standards for health, safety and maintenance.

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Accordingly, the Estates and Maintenance Services team within NLL are a key component of ensuring a safe, efficient, effective, economic and environmentally friendly operation. In order to achieve this impact, the team, as usual have had a very busy year, undertaking tasks and work programmes, such as:

- Carried out over 5,000 routine repairs across the sporting estate in a responsive turnaround time
- Extensive swimming pool and filtration and heating and air handling plant maintenance, renewal and repair at Kilsyth Swimming Pool, John Smith Swimming Pool, Shotts Leisure Centre and the Time Capsule. Inspection, maintenance and repair of the 'floating floors' at the Time Capsule Swim Zone and John Smith swimming pools.
- New passenger lifts installed at Shotts Leisure Centre, the Tryst Sports Centre and John Smith Pool.
- Upgrade of the Building Management System
- Extensive car parking, building and sports pitch lighting replacement and renewal programme and car parking surface repairs.
- Installation of new Liquid Petroleum Gas (LPG) tank and boilers heating fuel system within Palacerigg Golf Clubhouse, replacing the previous obsolete oil fired system.
- Undertaken a Water Hygiene (Legionella ACOPS L8) work programme across the venues.
- Completed the programme of works necessary for both the Time Capsule and Ravenscraig to maintain 'Climate Change Levy' (CCL) exemption status.
- Undertaken the boiler and the electrical installation inspection, maintenance and repair programme across the estate in conjunction with NLC's insurers.
- Replaced the indoor football hall lights at Ravenscraig Regional Sports Facility, with a more efficient and environmentally friendly alternative.
- Monitoring, maintenance and repair of the refrigeration plant associated with the Time Capsule ice rink
- Refurbishment of Craignuek Sports Pavilion and commencement of refurbishment works on Bonkle Sports Pavilion

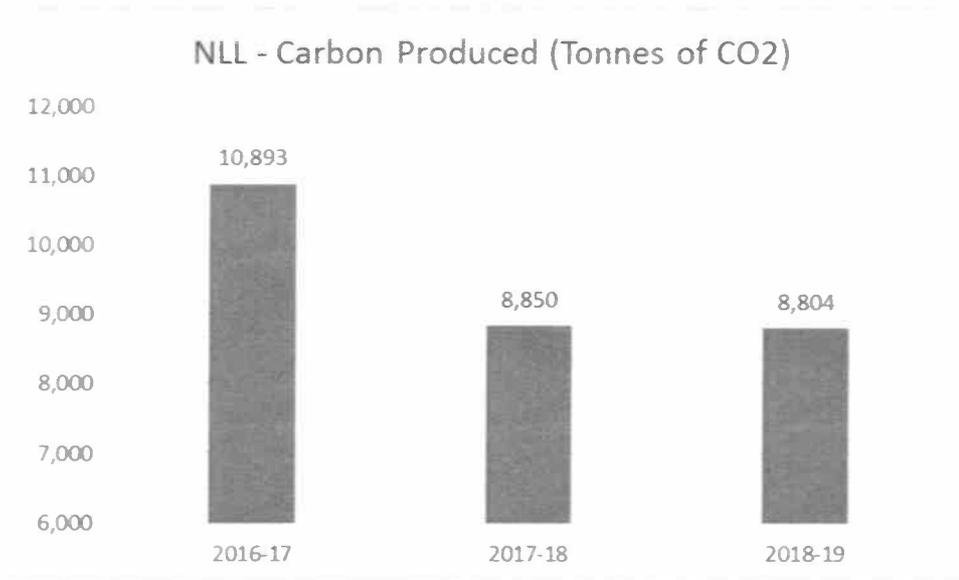
The Environment

In conjunction with the Council, NLL continues to investigate, develop and implement various measures to minimise the impact of operations on the environment, such as:

- Good 'housekeeping' procedures to minimise energy, water and the consumption of other material resources
- Installation of swimming pool covers,
- The installation of more efficient heating and lighting plant,
- Maintenance of the low emissivity ceiling (Time Capsule Ice Rink),
- Installation and maintenance of combined heat and power units which prevent NLL being charged with the Climate Change Tax Levy,
- Tap and shower shut off timers etc,
- Improvements to wind and watertight issues within the premises,
- Reduction in food waste and waste of perishable goods; and the
- Application of reduce, reuse and recycle principles.

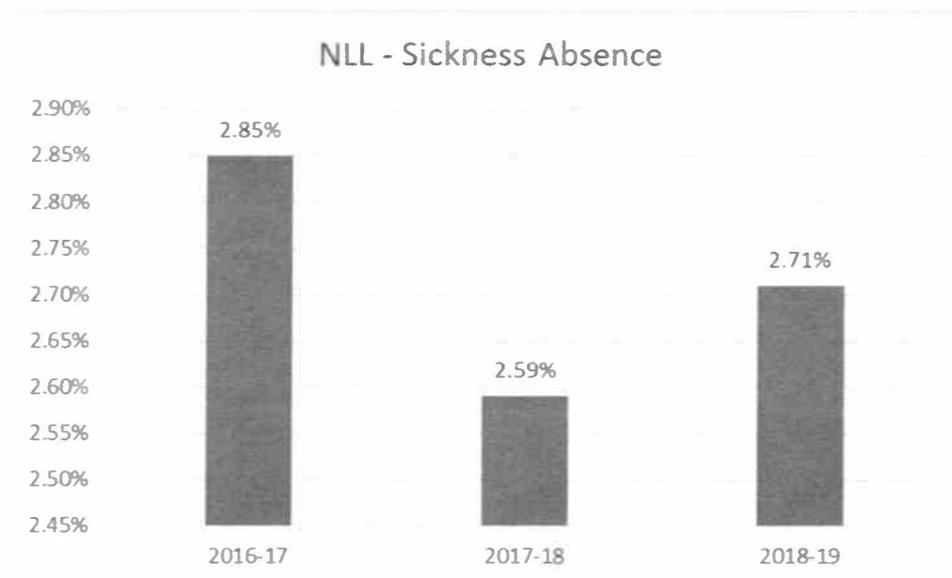
The graph below illustrates NLL's considerable progress in this area over the last three years, with NLL's carbon footprint reducing to 8,804 tonnes of CO₂ in 2018-19.

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- **Sickness Absence**

NLL's sickness absence level surpassed the 3.25% target which was set by NLL's HR Committee for 2018-19 achieving 2.71%, which is a marginal 0.12% increase over the previous years' outturn, however is still considerably lower than other public sector organisations of a similar nature. This continued reduction against target, equates to an approximate £58,000 saving in sick pay, and this excludes the additional cost of covering lost shifts, which is required when sickness is related to core service provision. Given the nervousness and uncertainty arising from the proposed merger, coupled with structural staffing reductions and required service savings as a result of continued austerity budgets, this still remains a significant and notable achievement. This is testament to and reflective of the continued commitment and dedication of staff at all levels to continue to deliver excellent customer focussed public sport and leisure and health promoting services.



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Review of the Year

- NLL announced a £3.2m capital improvement programme to be undertaken during 2018-19, as part of a wider £10m 5 year capital investment programme by NLC in NLL's facilities from 2018-19 to 2022-23.
- The £1 million capital refurbishment of the Tryst Sports Centre which started on the 29th November 2018 will ensure that the facility continues to serve the sport and leisure and health and fitness needs of Cumbernauld as it has done over the past 46 years. This included £300,000 gym and fitness studio upgrade, £430,000 for condition survey related works to customer areas to create modern, vibrant, customer focussed service environment with a new fast member friendly barrier and kiosk entry system, £496,000 on replacing obsolete air handling units and related plant, machinery and equipment works, new flooring, suspended ceiling with modern LED lighting and modern attractive redecoration throughout the area. Refurbished sports hall flooring, main studio, health suite and the creation of a new dedicated spin fit studio. The passenger lift has been replaced to ensure that all parts of the facility remain accessible and available to all. Toilet upgrades and fitness studio upgrades. New wiring, fire alarm system and new fire doors and additional fire safety protection provides compliance with modern health and safety requirements. Upgrade and reconditioning of the Squash Court with the reintroduction of a third Squash Court.
- The new 'Arria Suite' was opened within Broadwood Stadium, redeveloping the former redundant office space to provide a vibrant function and conference space.
- £850,000 refurbishment and synthetic pitch surface replacement at Ravenswood in Cumbernauld and the pitch adjacent to Sir Matt Busby Sports Complex in Bellshill to maintain provision for grass roots and competitive sport in the area. Additionally, the full size Federation Internationale de Football Association (FIFA) two star and the International Rugby Board (IRB) accredited indoor pitch within Ravenscraig Regional Sports Facility has also been replaced to support sports training and competition at all levels. The 5-a-side pitches and tennis courts at Wishaw Sports Centre and Broadwood Stadium 5-a-side synthetic pitch and court surfaces have also been replaced.
- There was a brief closure of the Time Capsule Water Park in November for the installation of the new £38,000 ultra violet water treatment plant, £42,000 refurbishment of male and female toilets and upgrading the changing village lights and the refurbishment of shower area and locker system improvements.
- Around £200,000 worth of capital improvement works was undertaken at Shotts Leisure Centre, including the creation of a modern, vibrant and welcoming reception area, a new spectating area overlooking the swimming pool, new interactive fun water features for children. The installation of a new wall which separates the main hall from the swimming pool hall allows for better activity specific environmental conditions control and rectifies a long standing architectural and engineering flaw. At the same time, a new main sports hall floor has been installed and sound system improved.
- NLL in partnership with Gartcairn United Football Club have become one of the first areas in Scotland to create the first ever purpose built 9-a-side football pitches for the Gartcairn Football Academy which is based at Airdrie Leisure Centre.
- Kilsyth Swimming Pool reopened on Friday the 19th of April 2019 following a short closure for a major £330,000 refurbishment, with a new reception, changing village, health suite, pool

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and spectating and vending areas significantly improved and upgraded alongside necessary routine and planned preventative maintenance regimes being undertaken.

- The annual 7-a-side Suicide Prevention Tournament took place at Ravenscraig Regional Sports Facility on 12th of September 2018, provided in partnership with the Council, the Scottish Association of Mental Health (SAMH) and Health & Social Care North Lanarkshire.
- The 2018 clubsportnl half marathon, which took place on Sunday 13th May 2018, starting from St. Ambrose High School, including the associated running events such as the toddlers' dash, P1-4 400m, P5-P7's 1k and the 5k from people over 15.
- NLL in partnership with NLC hosted the second and third induction ceremony for the 2018 and 2019 tranche of the North Lanarkshire Sporting Hall of Fame (HOF) on the 2nd May 2018 and the 11th March 2019, within Ravenscraig Regional Sports Facility.
- NLL successfully delivered our first ever outdoor concert 'Live by the Loch', within the main central reservation stadium pitch at Broadwood on Saturday, the 2nd June 2018, with over 2,500 people attending this traditional Scottish themed event.
- The Scottish Rugby Union, inter-regional Rugby Academy matches were hosted within Broadwood Stadium, once again underlining the positive partnership work between NLL and Scottish Rugby.
- The Cumbernauld 10K won the gold award for the Best 10K in Scotland at the 2018 National Running Awards on the 19th April 2018, and picked up the bronze award for the same event in the UK National category at these prestigious awards.
- NLL working in partnership with the Glasgow 2018 European Championships, the Council, TriathlonScotland and South Lanarkshire Leisure and Culture were delighted to provide the opportunity for local people to take part in an 8 week 'Go Tri Camp' as part of the legacy of the games. This culminated in the 'Tri in the Park' event at Strathclyde Country Park on the 12th August 2018.
- NLL in partnership with CultureNL and the Council assisted in the delivery of the Glasgow 2018 European Championships rowing and triathlon competitions and associated community events at Strathclyde Country Park in August.
- In partnership with our colleagues in health, NLL launched 'Club 65' discounted access scheme during the period for people over 65 to play a major role in maintaining health, wellbeing, addressing isolation and encouraging independent living, encouraging them to 'Get Fit, Get Social'.
- NLL's Over 50's Walking Football Team won a 12 team tournament at Alloa Athletic on the 24th June 2018.
- NLL has also extended the partnership with 'Watch us Grow' by making available redundant part of Palacerigg Golf Club so that the charity, which provides support and training in gardening and food growing projects to people with physical disability and mental health issues, so that they can establish a dedicated training venue.
- 150 gymnasts participated in an NLL gymnastics competition on 28th July 2018 at Wishaw Sports Centre.
- NLL's Dance and Stage Academy's once again 'packed the house' at Airdrie Town Hall for their Annual Dance Display on the 17th November 2018, with over 160 children participating. In

North Lanarkshire Leisure Ltd

addition, NLL's annual 'Dance Off' competition took place at Ravenscraig Regional Sports Facility on the 11th of November 2018.

- clubsportnl, NLL and North Lanarkshire Council provided our first ever 'Nite Lite' 10K personal torchlight dark trail running event on Friday 22nd March 2019, with over 400 people taking part.
- In partnership with the Danish Gymnastics Institute (DGI), North Lanarkshire Council, South Lanarkshire Council and South Lanarkshire Leisure & Culture, NLL hosted the National Danish Performance Team (NDPT) on the Scottish leg of their current 'NAMUH' (this is simply, the word 'Human' reversed) world tour playing to a packed out audience at Ravenscraig Regional Sports Facility on Friday the 8th and Monday 11th March 2019.
- Broadwood Stadium was the venue chosen by the SFA to host their Mental Health Transition League in February with 14 teams consisting of 120 players taking part, with it being deemed a huge success by those taking part.
- NLL has revised the eligibility for older children and young people to access our gyms to make them more inclusive and accessible to all and to take note of the increasing demand from young people.
- In association with SAMH (Scottish Association for Mental Health), NLL provided two courses on Suicide Prevention training for staff in March 2019, which builds on the successful partnership forged between NLL, the mental health charity and the Council over the past few years.
- NLL's Managing Director and Head of HR and Payroll have been continuing to visit the venues in a series of roadshows to talk to staff about the forthcoming merger between CNL and NLL to address any queries, concerns or reservations that they may have and to consider the positive opportunities and outcomes that this strategic change will present.
- Several members of NLL staff successfully completed the ILM Level 3 Award in Leadership and Management, provided in partnership with New College Lanarkshire at their Cumbernauld Campus.
- NLL has developed and launched a brand new internal 'Leisure Intranet' resource for staff.
- NLL also launched the new leisure 'App' aimed at marketing, promoting and improving the awareness of the vast and varied range of services provided, together with improving electronic booking and payment for fitness classes and sports pitch and court bookings and ease of joining online.
- The Get Active Health Referral Programme and the MacMillan Move More cancer rehabilitation and recovery programme continue to grow and develop significantly to improve the health and wellbeing of the participants.
- NLL's systems, processes and procedures were updated so that they are now fully General Data Protection Regulations (GDPR) compliant.

North Lanarkshire Leisure Ltd

Marketing & Promotions

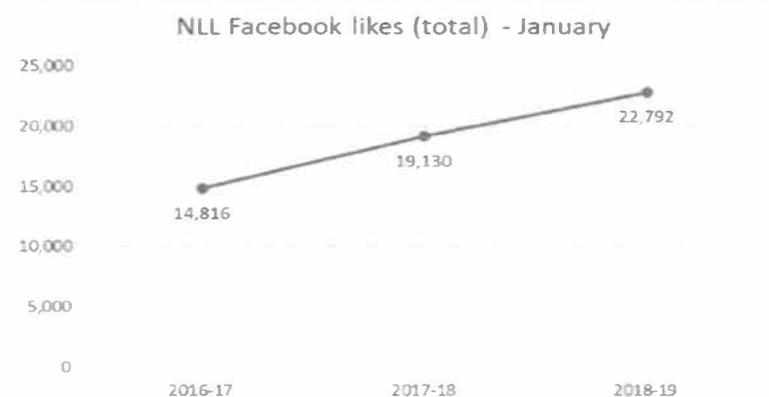
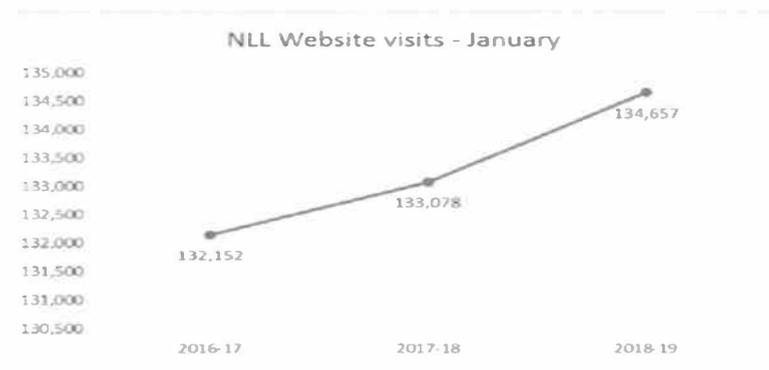
In November 2018, NLL launched a new "We Support EveryBODY" marketing campaign, with bright, eye catching artwork and showcases imagery of people of all ages, demographics and body types. The key focus of the campaign was to highlight how NLL supports everyone and to show the huge range of products, programmes and services on offer for a range of interests, abilities and fitness levels.

The campaign was a great success and positively impacted on a large number of people within North Lanarkshire. As a result, the campaign was put forward as a finalist in the UK Active Awards in the Marketing Campaign of the Year category in March 2019. Making the finals is a huge accolade in itself, with NLL being one of only 8 organisations in the UK to make the finals and the only Scottish company to do so. At the ceremony in Manchester on 6th June 2019 NLL were announced as the winners of this category.

NLL's digital marketing strategy continues to grow and is becoming an even more important feature of the service as the population becomes more and more connected and 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.

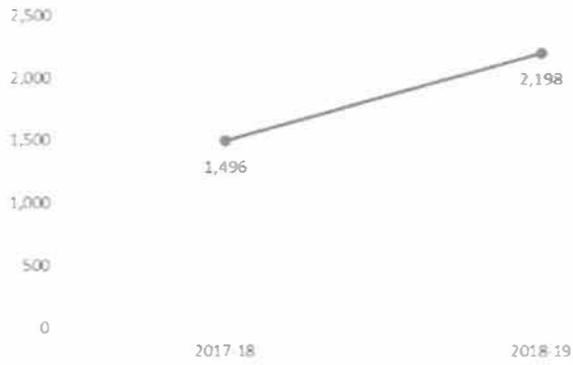
Coupled with this seen the introduction of fast entry kiosks and barrier systems, which is being rolled out across the estate and linked into the provision of a new NLL App facilitating ease of booking and payment, providing another portal for providing information on activities and ease of access to the services available, therefore helping people to achieve their sport, health and fitness goals and aspirations.

The growth in the use and application of social media helps NLL build and relate more directly to bespoke and discrete community of interest groups which is an important part of growing NLL's online community, as evidenced by the growth shown in the following graphs:

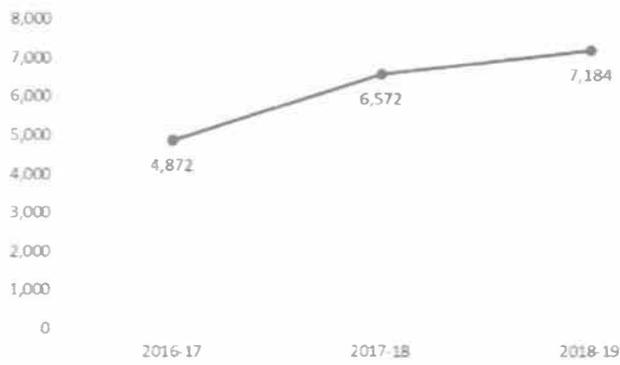


North Lanarkshire Leisure Ltd

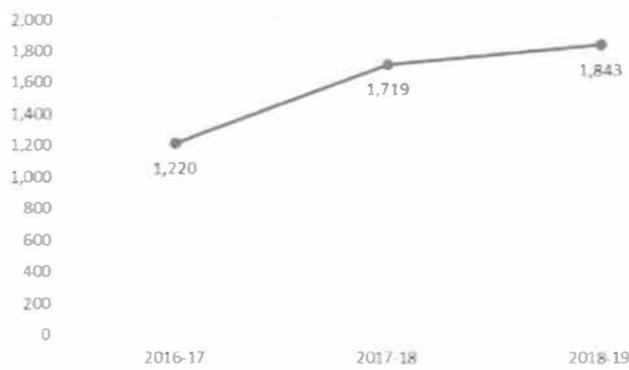
NLL Instagram Account - Followers



NLL Twitter - Followers



NLL Join At Home



North Lanarkshire Leisure Ltd

Plans for future periods

The plans for future periods over the next financial year and beyond for NLL include:

- Complete the transition into the merger with Culture NL to form Culture & Leisure North Lanarkshire (C&LNL).
- Installation of a new synthetic 11-a-side 3G pitch as an integral part of the creating of a new urban park serving the growing new community on the Ravenscraig regeneration site, situated opposite the Regional Sports Facility.
- Replacement of Broadwood main stadium 3G pitch to maintain a quality playing surface which achieves the required Fédération Internationale de Football Association (FIFA) 2 star stadium pitch and International Rugby Board (IRB) approved standards, as well as replacement of Abronhill Playing Fields 3G synthetic pitch in Cumbernauld.
- Continue the capital investment in venues by undertaking major refurbishment and improvement works at Palacerigg Golf Clubhouse, undertaking substantial infrastructure improvement and maintenance works at Broadwood Stadium, rolling out the provision of new barrier and kiosk entry systems at various venues, continuing with the upgrading of emergency lighting, detection and replacement fire doors at various venues and installing 'Pool View' drowning detection system at various swimming pools.
- Work in partnership with clubsportnl to provide a 'Sports Summit' training weekend for the voluntary sector for sport.
- Continue to progress the bid for 3 indoor tennis courts at Ravenscraig Regional Sports Facility with sportscotland and the Scottish Lawn Tennis Association and the Lawn Tennis Association.
- Assist NLC Countryside and Landscape identify possible development proposals and opportunities for Palacerigg Country Park and Strathclyde Country Park.
- Following the merger, work to complete an amended Sports and Physical Activity Strategy and Sports Pitches Strategy taking into account the opportunities that the merger may present to develop and improve, realign and streamline service provision.
- In conjunction with strategic partners, continue to provide the Clubsportnl Monklands Half Marathon, Cumbernauld 10K, National Cross Country Championships, Nite Lite, Scottish Association of Mental Health sports events.
- Prepare a bid to partner with North Lanarkshire council to provide certain elements of their Club 365 programme.
- Investigate and develop options for both clubsportnl premises, resources and service provision to better support and serve the needs of the voluntary sports sector in North Lanarkshire.
- Continue to improve and develop the new personal training and nutrition programmes, products, events and activities in accordance with increasing customer demand for greater advice, support and guidance alongside the traditional and core health and fitness product provided by 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 2018/19 amounted to £8,209,886. Unrestricted income excluding management fee and pensions amounted to £15,581,062 during the year which is a 4% decrease on 2017/18.

At 31 March 2019 the pension deficit of £11,248,000 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.

During 2018/19 NL Leisure had an approved budget to break-even and the actual surplus from the general fund for the year is £337,551.

Going Concern

As noted previously, the merger with Culture NL took place on 21st June 2019 (and the charity was wound up at that date). At that date the assets and liabilities of North Lanarkshire Leisure Limited were transferred to Culture NL. North Lanarkshire Leisure's operations will continue as part of Culture & Leisure NL, therefore the assets will be realised and liabilities fully discharged by Culture & Leisure NL. On this basis the charity continues to adopt the going concern basis of accounting.

Investment Policy

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

Reserves Policy

The Directors 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 £1,662,883 detailed below represents 5.34% of gross expenditure. Although higher than the targeted level the Board are satisfied with this given the fluctuating trading position during 2018/19.

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.

North Lanarkshire Leisure Ltd

There was a deficit of reserves at 31 March 2019 of £(9,128,085) comprising the following:

Restricted funds	£54,999
Unrestricted general fund	£1,662,883
Designated fund – assets & infrastructure	£402,034
Pension fund as required by FRS102	£(11,248,000)

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 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 UK Audit LLP will therefore continue in office.

North Lanarkshire Leisure Ltd

Principal Risks and Uncertainties

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

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

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

The top 5 risks detailed in this are as follows:

Risk	Action
Fundamental changes to Key Funding Agreement with North Lanarkshire Council or Constitutional changes	<ul style="list-style-type: none"> • 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 being delivered to senior managers.

North Lanarkshire Leisure Ltd

Annual Governance Statement

Scope of Responsibility

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

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

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

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

Governance Framework

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

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

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

Review of Effectiveness

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

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

North Lanarkshire Leisure Ltd

- Directors have received training on their expected roles and responsibilities designed to enable them to effectively discharge their duties; and
- NL Leisure has an approved risk management policy and associated risk registers which are subject to review by senior management from across the Trust. These are regularly reviewed, and have recently been updated to incorporate changes in the company structure and business environment in which it operates.

Governance

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 2019.



Chair

D. Gamble

Date: 23/10/19

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: 23/10/19

Registered Office: Broadwood HQ
1 Ardgoil Drive
Cumbernauld, G68 9NE

North Lanarkshire Leisure Ltd

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

Opinion

We have audited the financial statements of North Lanarkshire Leisure Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 2019; 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 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.

North Lanarkshire Leisure Ltd

Other information

The other information comprises the information included in the annual report¹ other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 strategic report, included within the Annual Report.

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

- adequate and proper accounting records have not been kept by the parent charitable company, 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 set out on page 26 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

North Lanarkshire Leisure Ltd

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.

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 24/10/19

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 2019 (incorporating the income and expenditure account)

Note	General Fund 2019	Pension Fund 2019	Designated Fund 2019	Total Unrestricted funds 2019	Restricted funds 2019	Total 2019	Total 2018
	£	£	£	£	£	£	£
Income and endowments							
Incoming resources from trading activities							
Other trading activities:							
Catering	1,170,222	-	-	1,170,222	-	1,170,222	1,218,549
Rental income	411,963	-	-	411,963	-	411,963	371,496
Merchandising	158,599	-	-	158,599	-	158,599	172,424
Income from Investments	2 8,767	-	-	8,767	-	8,767	3,687
Other Income	3 107,773	-	-	107,773	-	107,773	-
<i>Total income and endowments from trading activities</i>	1,857,324	-	-	1,857,324	-	1,857,324	1,766,156
Income from charitable activities							
Advancement of health, education and sport	4 22,024,180	-	-	22,024,180	676,364	22,700,544	23,130,471
Total income and endowments	23,881,504	-	-	23,881,504	676,364	24,557,868	24,896,627
Expenditure on:							
Raising funds:							
Catering	1,369,377	-	-	1,369,377	-	1,369,377	1,466,966
Merchandising	97,643	-	-	97,643	-	97,643	115,795
<i>Total costs of raising funds</i>	5 1,467,020	-	-	1,467,020	-	1,467,020	1,582,761
Charitable activities							
Advancement of health, education and sport	7 22,076,933	2,901,000	153,600	25,131,533	703,864	25,835,397	25,438,843
Total Expenditure	23,543,953	2,901,000	153,600	26,598,553	703,864	27,302,417	27,021,604
Net movement in funds and net income for the year	17 337,551	(2,901,000)	(153,600)	(2,717,049)	(27,500)	(2,744,549)	(2,124,977)
Actuarial gain/(loss) on defined benefit pension scheme	22 -	(3,234,000)	-	(3,234,000)	-	(3,234,000)	9,531,000
Transfer between funds	-	-	-	-	-	-	-
Net movement in funds	337,551	(6,135,000)	(153,600)	(5,591,049)	(27,500)	(5,978,549)	7,406,023
Fund balances brought forward at 1 April 2018	1,325,332	(5,113,000)	555,634	(3,232,034)	82,499	(3,149,535)	(10,555,558)
Total funds carried forward at 31 March 2019	18 1,662,883	(11,248,000)	402,034	(9,183,083)	54,999	(9,128,084)	(3,149,535)

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 35 to 50 form part of the financial statements.

North Lanarkshire Leisure Ltd

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

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

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 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	15		2,386,768		2,834,661
Current assets					
Stocks		52,715		53,366	
Debtors	12	1,237,768		1,424,115	
Cash at bank and in hand		2,399,176		1,116,470	
		<u>3,689,659</u>		<u>2,593,951</u>	
Current liabilities					
Creditors (amounts falling due within one year)	13	(3,364,382)		(3,465,147)	
Net current assets/(liabilities)			325,277		(871,196)
Long Term Liabilities					
Creditors (amounts falling due after more than one year)	14		(592,129)		-
Net assets excluding pension fund			2,119,916		1,963,465
Pension fund (liability)	22		(11,248,000)		(5,113,000)
Net liabilities			(9,128,084)		(3,149,535)
Funds					
Restricted funds	16		54,999		82,499
Unrestricted funds	17				
Designated fund - assets & infrastructure		377,800		531,400	
Designated fund – operational commitments		24,234		24,234	
General fund		1,662,883		1,325,332	
Unrestricted funds excluding pension reserve		2,064,917		1,880,966	
Pension reserve	22	(11,248,000)		(5,113,000)	
Total unrestricted funds			(9,183,083)		(3,232,034)
Total funds	18		(9,128,084)		(3,149,535)

The Company registration number is **SC303391**.

The notes on pages 35 to 50 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: 23/10/19

North Lanarkshire Leisure Ltd

Company Balance Sheet as at 31 March 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	15		2,386,768		2,834,661
Investments	11		100		100
Current assets					
Stocks		51,868		52,576	
Debtors	12	1,252,600		1,505,287	
Cash at bank and in hand		2,366,145		1,030,664	
		<u>3,670,613</u>		<u>2,588,527</u>	
Current liabilities					
Creditors (amounts falling due within one year)	13	<u>(3,345,436)</u>		<u>(3,459,823)</u>	
Net current assets			325,177		(871,296)
Long Term Liabilities					
Creditors (amounts falling due after more than one year)	14		<u>(592,129)</u>		-
Net assets excluding pension fund (liability)			2,119,916		1,963,465
Pension fund (liability)	22		<u>(11,248,000)</u>		<u>(5,113,000)</u>
Net liabilities			<u>(9,128,084)</u>		<u>(3,149,535)</u>
Funds					
Restricted funds	16		54,999		82,499
Unrestricted funds	17				
Designated fund - assets & infrastructure		377,800		531,400	
Designated fund – operational commitments		24,234		24,234	
General fund		1,662,883		1,325,332	
Unrestricted funds excluding pension reserve		2,064,917		1,880,966	
Pension reserve	22	<u>(11,248,000)</u>		<u>(5,113,000)</u>	
Total unrestricted funds			<u>(9,183,083)</u>		<u>(3,232,034)</u>
Total funds	19		<u>(9,128,084)</u>		<u>(3,149,535)</u>

The Company registration number is **SC303391**.

The notes on pages 35 to 50 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: 23/10/19

North Lanarkshire Leisure Ltd

Consolidated Statement of Cash Flows for the year ended 31 March 2019

	Note	2019 £	2018 £
Cash Flows from Operating Activities	20		
Net cash provided by operating activities		896,179	546,370
Cash Flows from Investing Activities			
Dividend, Interest and rents from investments		8,767	3,687
Purchase of property, plant and equipment	15	(426,333)	(508,874)
Net Cash used in investing activities		(417,566)	(505,187)
Cash Flows from Financing Activities		-	-
Cash Inflow from new borrowing		804,093	-
Net cash provided by (used in) financing activities		804,093	-
Change in cash and cash equivalents in the reporting period		1,282,706	41,183
Cash and Cash equivalents at the beginning of the reporting period		1,116,470	1,075,287
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and Cash equivalents at the end of the reporting period		2,399,176	1,116,470

The notes on pages 35 to 50 form an integral part of these financial statements

North Lanarkshire Leisure Ltd

Notes

(forming part of the financial statements)

1. Accounting policies

General Information / Legal Status

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

Basis of consolidation

The group financial statements consolidate the financial statements of the charity and its subsidiary undertaking, North Lanarkshire Leisure Trading Community Interest Company. The results of the subsidiary are consolidated on a line by line basis.

Going Concern

The accounts are prepared on a going concern basis. The group has total unrestricted funds before the pension reserve of £2,064,917 (2018: £1,880,966) and total funds before the pension reserve of £2,119,916 (2018: £1,963,465). At 31 March 2019 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.

The going concern basis of accounting has been adopted as although the assets and liabilities of North Lanarkshire Leisure Limited were transferred to Culture & Leisure NL on 21st June 2019, (and the charity wound up at that date), the charities operations will continue through Culture & Leisure NL and the assets realised and liabilities discharged through that entity.

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.

North Lanarkshire Leisure Ltd

Designated funds Part of the unrestricted fund, but ear-marked for a particular purpose. NL LEISURE has created a designated fund to support the company's investment strategy and a designated fund to support certain operational commitments.

Income

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

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

Expenditure

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

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

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

Stock

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

Operating leases

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

Pension costs

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

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

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

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

North Lanarkshire Leisure Ltd

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

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial instruments

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

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

Taxation

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

Cash and cash equivalents

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

The Directors are satisfied that the accounting policies are appropriate and applied consistently. Significant estimations have been applied to the defined benefit pension assumptions. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 22).

North Lanarkshire Leisure Ltd

2. Investment income – Group and Company

	2019	2018
	£	£
Bank and other interest	8,767	3,687
	<u>8,767</u>	<u>3,687</u>

3. Other – Group and Company

	2019	2018
	£	£
Interest free loan - Gift	107,773	-
	<u>107,773</u>	<u>-</u>

4. Income from charitable activities - Group and Company

	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total 2019 £	Total 2018 £
Income from operating activities	13,814,294	-	13,814,294	14,320,316
Income from contract with North Lanarkshire Council	8,209,886	-	8,209,886	8,310,056
Grant Funding	-	676,364	676,364	500,099
	<u>22,024,180</u>	<u>676,364</u>	<u>22,700,544</u>	<u>23,130,471</u>

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

5. Catering & merchandising costs - Group

	Catering 2019 £	Merchandising 2019 £	Total 2019 £	Total 2018 £
Salaries & wages	446,800	-	446,800	452,097
Property costs	2,424	-	2,424	-
Supplies & services	16,024	97,643	113,667	120,181
Other expenditure	670,140	-	670,140	667,415
Support Costs (note 8)	233,989	-	233,989	343,068
	<u>1,369,377</u>	<u>97,643</u>	<u>1,467,020</u>	<u>1,582,761</u>

6. Catering & merchandising costs - Company

	Catering 2019 £	Merchandising 2019 £	Total 2019 £	Total 2018 £
Salaries & wages	446,801	-	446,801	452,097
Supplies & services	1,122	97,643	98,765	119,482
Other expenditure	596,909	-	596,909	663,582
Support Costs (note 8)	233,989	-	233,989	343,899
Governance Costs (note 9)	-	-	-	9,169
	<u>1,278,821</u>	<u>97,643</u>	<u>1,376,464</u>	<u>1,578,229</u>

North Lanarkshire Leisure Ltd

7. Charitable Activities – Group and Company

	Unrestricted Funds		Designated Funds 2019 £	Restricted Funds 2019 £	Total 2019 £	Total 2018 £
	Direct 2019 £	Support 2019 £				
Cost of sales	-	-	-	6,662	6,662	6,297
Salaries & wages	10,693,489	2,691,130	-	352,186	13,736,805	14,513,732
Property Costs	2,971,536	646,356	-	48,543	3,666,435	3,990,534
Supplies & services	990,680	293,406	-	140,920	1,425,006	1,423,413
Transport Costs	41,630	375,920	-	14,875	432,425	177,579
Administrative Costs	827,513	988,782	-	84,144	1,900,439	1,819,432
Payments to Other Bodies	54,021	19,936	-	15,400	89,357	123,947
Central Costs	5,223	1,348,009	153,600	41,134	1,547,966	1,607,595
Governance Costs (note 9)	31,610	97,692	-	-	129,302	146,314
Pension Costs	2,901,000	-	-	-	2,901,000	1,630,000
	18,516,702	6,461,231	153,600	703,864	25,835,397	25,438,843

8. Allocation of support costs

	Operations	Board & Head Office	Estates	Sales & Marketing	Sports Development	Sub Total	Catering	Total	Basis of Allocation
	2019 £	2019 £				2019 £	2019 £	2019 £	
Management	1,384,350	489,891	315,011	444,493	132,172	2,765,917	150,653	2,916,570	Expenditure Budget
Finance	110,666	22,758	21,250	32,214	7,915	194,803	15,108	209,911	Expenditure Budget
Information Technology	207,516	42,907	33,249	61,834	41,223	386,729	22,534	409,263	Number of PC's, tablets and phones
HR, Payroll & Training	272,083	9,291	13,602	87,562	72,334	454,872	33,343	488,215	Employee Numbers
Operations Central	106,002	-	-	-	-	106,002	-	106,002	Evenly across sites
Estates	1,860,736	21,041	94,660	27,058	6,648	2,010,143	10,938	2,021,081	Location of works done
Sales & Marketing	408,639	-	1,226	48,980	83,920	542,765	1,413	544,178	Value of DD's and location of works done
Total	4,349,992	585,888	478,998	702,141	344,212	6,461,231	233,989	6,695,220	

9. Governance costs – Group and Company

	2019 £	2018 £
Allocation of Managing Director costs	23,950	22,979
Internal Audit Fees	8,948	6,624
Audit fees		
Audit of these financial statements	17,767	15,772
Tax Services	1,645	-
Other professional fees and costs - Charitable	76,992	100,939
Other professional fees and costs – Catering & Merchandising	-	9,169
	129,302	155,483

North Lanarkshire Leisure Ltd

10. Staff numbers and costs

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

	2019 £	2018 £
Wages & salaries	11,711,170	11,879,612
Redundancy Costs	137,430	758,171
Payments in lieu of notice	38,321	95,052
Social security costs	<u>823,309</u>	<u>838,644</u>
	12,710,230	13,571,479
Pension costs		
Current Service Cost	3,341,000	2,854,000
Loss on curtailment	-	-
Net Interest Cost	<u>175,000</u>	<u>368,000</u>
	<u><u>16,226,230</u></u>	<u><u>16,793,479</u></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:

	2019 Number	2018 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:

	2019 £	2018 £
Salary and benefits – Managing Director	84,224	80,897
Salary and benefits – Corporate Management Team	<u>329,846</u>	<u>326,443</u>

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

	2019 Number	2018 Number
Administration staff (e.g. Venue Managers, Health & Fitness Managers, Receptionists, Sport Development Officers, Swimming Teachers, Engineers & Head Office staff)	294	258
Leisure staff (e.g. Leisure Attendants, Catering Staff, Gym Instructors & Cleaners)	305	294
Sessional staff	178	217
Total	<u><u>777</u></u>	<u><u>769</u></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 £243 (2017/18 £172). Board Directors are eligible for discounted membership of the Access NL gym membership scheme and 7 Directors have taken advantage of this at no cost to the company.

One Board member (William Shearer) was employed by the Company and received remuneration and pension as an employee totalling £39,328 during 2018/19, two Board members were employed during 2017/18 totalling £78,381 and can be broken down as follows:

North Lanarkshire Leisure Ltd

	2019	2018	
	£	£	£
Salary	29,210	28,740	29,329
Overtime	1,725	3,094	-
Other Pay Items	117	-	-
Pension	5,153	5,071	5,265
National Insurance Contributions	3,123	3,267	3,615
Total	<u>39,328</u>	<u>40,172</u>	<u>38,209</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 2018/19 has been distributed to NL Leisure Ltd.

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

	2019	2018
	£	£
Turnover	121,775	103,753
Administrative expenses	(111,290)	(77,545)
Other operating income	-	-
OPERATING PROFIT	<u>10,485</u>	<u>26,208</u>
NET RESULT	<u>10,485</u>	<u>26,208</u>

The assets and liabilities of the subsidiary were:

	2019	2018
	£	£
Assets	50,264	104,646
Liabilities	(50,164)	(104,546)
Funds	100	100

12. Debtors

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Trade Debtors	159,229	148,063	221,610	208,243
Amounts due from related party	919,234	919,234	919,635	919,635
Prepayments and accrued income	159,305	146,581	282,870	278,188
Due from Group Company	-	38,722	-	99,221
	<u>1,237,768</u>	<u>1,252,600</u>	<u>1,424,115</u>	<u>1,505,287</u>

North Lanarkshire Leisure Ltd

13. Creditors: amounts falling due within one year

	Group 2019	Company 2019	Group 2018	Company 2018
	£	£	£	£
Trade creditors	(619,316)	(606,304)	(753,640)	(752,424)
Other taxes and social security costs	(497,794)	(497,794)	(503,455)	(503,455)
Amount due to related party	(248,362)	(248,362)	(78,189)	(78,189)
Other creditors and accruals	(1,998,910)	(1,985,473)	(2,129,863)	(2,125,755)
Amounts due to group	-	(7,503)	-	-
	(3,364,382)	(3,345,436)	(3,465,147)	(3,459,823)

14. Creditors: amounts falling due after more than one year

	Group 2019	Company 2019	Group 2018	Company 2018
	£	£	£	£
Less than 1 year	(133,426)	(133,426)	-	-
1 – 2 years	(139,029)	(139,029)	-	-
2 – 5 years	(453,100)	(453,100)	-	-
	(592,129)	(592,129)	-	-
Total Loan Liability	(725,555)	(725,555)	-	-

The long term loan of £804,092 was received from North Lanarkshire Council in April 2018 to fund restructure costs; this was an interest free loan to be repayable over 5 years. An effective interest rate of 4.12% has been applied with the interest cost of £29,236 being charged to interest payable within the SOFA and other income being credited with £107,773 representing the cumulative benefit of the loan being interest free.

15. Tangible fixed assets (Group and Company)

	Leasehold Improvements	Furniture & Fittings	Plant & Equipment	Computer Equipment	Total Assets
	£	£	£	£	£
Cost at 1 April 2018	5,095,916	261,942	1,497,638	547,338	7,402,834
Additions	96,802	28,324	301,207	-	426,333
Disposals	(666,435)	(88,587)	(365,032)	(105,486)	(1,225,540)
Gross book value as at 31 March 2019	4,526,283	201,679	1,433,813	441,852	6,603,627
Depreciation at 1 April 2018	2,877,535	190,540	967,222	532,876	4,568,173
Depreciation provided for year	578,438	24,819	188,853	8,678	800,788
Depreciation on disposals	(624,028)	(88,587)	(334,000)	(105,487)	(1,152,104)
Cumulative depreciation as at 31 March 2019	2,831,945	126,772	822,075	436,067	4,216,859
Net book value as at 31 March 2019	1,694,338	74,907	611,738	5,785	2,386,768
Net book value as at 31 March 2018	2,218,381	71,402	530,416	14,462	2,834,661

16. Restricted funds (Group and Company)

	Projects - General	Projects - NHS	Projects - FNP	Programmes	Capital Grant	Total Restricted Funds
Balance as at 1 April 2018	-	-	-	-	82,499	82,499
Income	171,000	225,059	228,150	52,155	-	676,364
Expenditure	(171,000)	(225,059)	(228,150)	(52,155)	(27,500)	(703,864)
Balance as at 31 March 2019	-	-	-	-	54,999	54,999

North Lanarkshire Leisure Ltd

Projects: General

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

Projects: NHS

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

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

Projects: FNP

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

Programmes

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

Capital Grant

In 2010/11 £225,000 was received from SportsScotland, £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.

17. Movement in reserves (Group and Company)

	Unrestricted Fund			Restricted Fund	Total Funds
	Designated Fund	General Fund	Pension Reserve		
	£	£	£		
Opening reserves at 1 April 2018	555,634	1,325,332	(5,113,000)	82,499	(3,149,535)
Add surplus/(deficit) for the year	(153,600)	337,551	(2,901,000)	(27,500)	(2,744,549)
Transfer between funds:					
Actuarial loss for the year	-	-	(3,234,000)	-	(3,234,000)
Reserves at 31 March 2019	<u>402,034</u>	<u>1,662,883</u>	<u>(11,248,000)</u>	<u>54,999</u>	<u>(9,128,084)</u>

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.

18. Analysis of net assets between funds - Group

	Unrestricted Funds			Restricted Funds	Totals
	General	Pension	Designated		
	2019	2019	2019		
	£	£	£	£	£
Fund balances at 31 March 2019 are represented by:					
Tangible fixed assets	1,929,735	-	402,034	54,999	2,386,768
Current assets	3,689,659	-	-	-	3,689,659
Current liabilities	(3,364,382)	-	-	-	(3,364,382)
Long Term Liabilities	(592,129)	-	-	-	(592,129)
Pension Fund Liability	-	(11,248,000)	-	-	(11,248,000)
	<u>1,662,883</u>	<u>(11,248,000)</u>	<u>402,034</u>	<u>54,999</u>	<u>(9,128,084)</u>

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19. Analysis of net assets between funds – Company

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

20. Notes to the statement of cash flows

Reconciliation of net income to net cash inflow from operating activities

	2019	2018
	£	£
Net expenditure for the year	(2,744,549)	(2,124,977)
Adjustments for:		
Depreciation charges	800,788	867,489
Dividends, interest and rents from investments	(87,304)	(3,687)
Asset disposals	73,437	
Net pension adjustment FRS102	2,901,000	1,630,000
Decrease in stocks	651	3,565
Decrease/(increase) in debtors	186,347	(44,944)
(Decrease)/increase in creditors	(234,191)	218,924
Net cash provided from operating activities	<u>896,179</u>	<u>546,370</u>

Reconciliation of net cash flow to movement in net debt

Increase in cash in the year	1,282,706	41,183
Net (debt) / funds at the start of the year	<u>1,116,470</u>	<u>1,075,287</u>
Net Funds	<u>2,399,176</u>	<u>1,116,470</u>

Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	2,399,176	1,116,470
Overdraft facility repayable on demand		-
Total Cash and Cash Equivalents	<u>2,399,176</u>	<u>1,116,470</u>

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22. Pension scheme (continued)

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

	2019	2018
	£	£
Opening Defined Benefit Obligation	56,929,000	64,138,000
Service cost	3,341,000	2,854,000
Interest cost	1,593,000	1,767,000
Contribution by Members	535,000	515,000
Actuarial Losses/(Gains)	4,940,000	(11,677,000)
Past service cost (including curtailments)	1,062,000	13,000
Benefits Paid	<u>(713,000)</u>	<u>(681,000)</u>
Closing defined benefit obligation	<u>67,687,000</u>	<u>56,929,000</u>

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

	2019	2018
	£	£
Opening plan assets	51,816,000	51,124,000
Interest income	1,418,000	1,399,000
Actuarial gains / (losses)	1,706,000	(2,146,000)
Contributions by employer	1,677,000	1,605,000
Contributions by members	535,000	515,000
Benefits paid	<u>(713,000)</u>	<u>(681,000)</u>
Closing plan assets	<u>56,439,000</u>	<u>51,816,000</u>

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

	2019	2018
	£	£
Current service cost	3,341,000	2,854,000
Past service cost	1,062,000	13,000
Interest on obligation	1,593,000	1,767,000
Interest on plan assets	<u>(1,418,000)</u>	<u>(1,399,000)</u>
Losses on Curtailments	-	-
Total	<u>4,578,000</u>	<u>3,235,000</u>

North Lanarkshire Leisure Ltd

22. Pension scheme (continued)

The history of experience gains and losses are as follows:

	2019	2018	2017	2016	2015
	£	£	£	£	£
Present value of liabilities	67,687,000	56,929,000	64,138,000	44,457,000	47,051,000
Percentage of the present value of liabilities	0%	0%	0%	0.30%	2.5%
Value of assets	56,439,000	51,816,000	51,124,000	39,839,000	37,118,000
(Deficit) / Surplus	(11,248,000)	(5,113,000)	(13,014,000)	(4,618,000)	(9,933,000)
Experience gains / (losses) arising on the scheme liabilities	0	-	-	139,000	1,162,000
Actuarial (losses) / gains recognised in SOFA	(3,234,000)	9,531,000	(7,731,000)	6,642,000	(6,702,000)
Present value of liabilities	67,687,000	56,929,000	64,138,000	44,457,000	47,051,000
Percentage of the present value of liabilities	4.8%	(16.70)%	(12.10)%	(14.90)%	(14.20)%
Experience gains on assets					
Percentage of Assets					

The projected pension expense for the year to 31st March 2020 is approximately £1,771,000.

23. Related party transactions

North Lanarkshire Council (NLC), the sole member of NL LEISURE, made a contribution as per the service specification of £8,209,886 (2018 - £8,310,056) to the Company and leased the facilities occupied by the Company for a peppercorn rent. The transactions with NLC to 31st March 2019 were as follows; an interest free loan was received in April, the transactions of which are detailed in note 14; the Company incurred costs from NLC of £172,257 (2018 - £150,853) 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 £8,639,991 (2017 - £8,915,130), this includes the management fee mentioned above, recharge of merger costs, 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 2019 the Company owed the Council £837,404, of which £725,555 is the interest free loan (2018 - £75,812) and the Council owed the Company £919,234 (2018 - £919,635).

Seven directors of the Company were members of North Lanarkshire Council during the period ended 31 March 2019, these being P Kelly, F McNally, W Shields, F Fotheringham, J Linden and B Burgess.

Culture NL, an arms' length external organisation of North Lanarkshire Council. At 31 March 2019 the Company owed Culture NL £3,087 (2018 - £2,376) and Culture NL owed the Company £nil (2018 - £nil). Transactions with Culture NL include facility hire, room hire and courier charges, the Company incurred costs from Culture NL of £15,660 (2018 - £20,525) during the year. The Company invoiced Culture NL in the year £33,910 (2018 - £nil) for ticket sales and hire of Flooring for Park - Go Live.

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24. Statement of Financial Activities – extended comparisons

GROUP	Note	General Fund 2018 £	Pension Fund 2018 £	Designated Fund 2018 £	Total Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £
Income and endowments							
Incoming resources from trading activities							
Other trading activities:							
Catering		1,218,549	-	-	1,218,549	-	1,218,549
Rental income		371,496	-	-	371,496	-	371,496
Merchandising		172,424	-	-	172,424	-	172,424
Income from Investments	2	3,687	-	-	3,687	-	3,687
<i>Total income and endowments from trading activities</i>		1,766,156	-	-	1,766,156	-	1,766,156
Income from charitable activities							
Advancement of health, education and sport	3	22,630,372	-	-	22,630,372	500,099	23,130,471
Total income and endowments		24,396,528	-	-	24,396,528	500,099	24,896,627
Expenditure on:							
Raising funds:							
Catering		1,466,966	-	-	1,466,966	-	1,466,966
Merchandising		115,795	-	-	115,795	-	115,795
<i>Total costs of raising funds</i>	5	1,582,761	-	-	1,582,761	-	1,582,761
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
Total Expenditure		24,670,405	1,630,000	193,600	26,494,005	527,599	27,021,604
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)
Actuarial gain/(loss) on defined bene pension scheme	21	-	9,531,000	-	9,531,000	-	9,531,000
Transfer between funds		-	-	-	-	-	-
Net movement in funds		(273,877)	7,901,000	(193,600)	7,433,523	(27,500)	7,406,023
Fund balances brought forward at 1 April 2017		1,599,209	(13,014,000)	749,234	(10,665,557)	109,999	(10,555,558)
Total funds carried forward at 31 March 2018	17	1,325,332	(5,113,000)	555,634	(3,232,034)	82,499	(3,149,535)

North Lanarkshire Leisure Ltd

COMPANY

	Note	General Fund 2018 £	Pension Fund 2018 £	Designated Fund 2018 £	Total Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £
Income and endowments							
Incoming resources from trading activities							
Other trading activities:							
Catering		1,214,017	-	-	1,214,017	-	1,214,017
Rental income		371,496	-	-	371,496	-	371,496
Merchandising		172,424	-	-	172,424	-	172,424
Income from Investments	2	3,687	-	-	3,687	-	3,687
<i>Total income and endowments from trading activities</i>		1,761,624	-	-	1,761,624	-	1,761,624
Income from charitable activities							
Advancement of health, education and sport	4	22,630,372	-	-	22,630,372	500,099	23,130,471
Total income and endowments		24,391,996	-	-	24,391,996	500,099	24,892,095
Expenditure on:							
Raising funds:							
Catering		1,462,434	-	-	1,462,434	-	1,462,434
Merchandising		115,795	-	-	115,795	-	115,795
<i>Total costs of raising funds</i>	6	1,578,229	-	-	1,578,229	-	1,578,229
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
Total Expenditure		24,665,873	1,630,000	193,600	26,489,473	527,599	27,017,072
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)
Actuarial gain/(loss) on defined benefit pension scheme	21	-	9,531,000	-	9,531,000	-	9,531,000
Transfer between funds		-	-	-	-	-	-
Net movement in funds		(273,877)	7,901,000	(193,600)	7,433,523	(27,500)	7,406,023
Fund balances brought forward at 1 April 2017		1,599,209	(13,014,000)	749,234	(10,665,557)	109,999	(10,555,558)
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)

North Lanarkshire Leisure Ltd

25. Post Balance Sheet Event

On the 29th April 2019, North Lanarkshire Council presented an updated report to committee to instruct the integration of North Lanarkshire Leisure and Culture NL, with CNL to be retained as the vehicle moving forward. The merger took place on 21st June 2019; North Lanarkshire Leisure's operations will continue as part of Culture & Leisure NL, therefore the assets will be realised and liabilities fully discharged by Culture & Leisure NL.
