

INVERCLYDE LEISURE
TRUSTEES REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

Scottish Charity No. SC032161

Company Registration No. SC223197 (Scotland)

INVERCLYDE LEISURE

COMPANY INFORMATION

TRUSTEES

A. Hetherington
C. Jewell
W. Hawthorne
J. Clocherty
G. Brooks
P. Gupta
J. McEleny
C. Wilson (resigned 20th March 2020)
L. Quinn
E. Cameron (appointed 25th May 2020)

SECRETARY

A. Lavelle

COMPANY NUMBER

SC223197

CHARITY NUMBER

SC032161

REGISTERED OFFICE

Waterfront Leisure Complex
Customhouse Way
Greenock
Inverclyde PA15 1EW

AUDITORS

Welsh Walker Limited
179A Dalrymple Street
Greenock PA15 1BX

BANKERS

Bank of Scotland
64/66 West Blackhall Street
Greenock PA15 1XG

SOLICITORS

Patten & Prentice
2 Ardgowan Square
Greenock PA16 8PP

INVERCLYDE LEISURE

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REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Report Standard applicable in the UK and Republic of Ireland (FRS 102).

Our purposes and activities**The Charity's objectives are:**

- (i) To provide affordable quality sport and leisure opportunities for all residents and visitors to Inverclyde;
- (ii) To continually improve the service to our customers by developing the effectiveness of our staff and our working practices, as well as addressing service quality, variety and responding to changing trends and needs;
- (iii) To work with partner agencies, health, education, Inverclyde Council to promote good health throughout our communities with particular reference to the role that regular exercise plays in maintaining a healthy lifestyle.

The strategies employed to achieve the charities aims and objectives are:

- (i) Executive Management Team keeping abreast of current developments and trends within the industry. Information is obtained on this from media, industry literature, liaising with colleagues in other Leisure Trusts throughout the UK and attendance at conferences;
- (ii) Provision of a focused staff training programme to keep our staff best equipped to meet the needs of our customers;
- (iii) Regular contact with our partners and customers to determine their changing needs;
- (iv) Deliver products and services to our overall mission statement of "Providing Great Products & Fun Activity for our Customers";
- (v) Implementing our values across Inverclyde Leisure of Enthusiasm, Being Positive, Professional, Open Minded, Innovative and Honest;
- (vi) Implementing our vision of "be the best in the eyes of our customers, employees and our stakeholders".

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)**Achievements and performance**

The final year of Inverclyde Leisure (IL) included developing the business and introducing new products, service and upgrading facility. IL continued to promote a healthier and more active community creating great opportunities for Inverclyde residents. This success could not have been achieved without the great partnership with Inverclyde Council, key stakeholders, Inverclyde Leisure directors and the continued efforts of Inverclyde Leisure employees.

Financially, the company was affected by COVID-19 from January 2020 onwards and full lockdown closing facilities in March 2020. This impacted Inverclyde Leisure income for the year.

Staff training remained a key focus for IL in the year. We continued to develop employees with internal and external courses such as CMI courses from West of Scotland University and health related courses such as Gym Level 2/3 to assist employees with their personal and professional development. IL continued to recognise the hard work and commitment of our employees with the continuation of the WOW customer nomination awards and the IL Excellence Awards celebrating individual and facilities achievements.

The Fitness Gyms and Sports Facilities saw another fantastic year with a growth in membership reaching over 9,500 members which was an all-time high. This was due to the Fitness Gym upgrades at the Waterfront Leisure Complex and the introduction of the Fitness for Less developments at Lady Octavia and Boglestone Community Centre.

The Waterfront Leisure Complex gym was fully refurbished in December 2019 with the very latest equipment from world leading suppliers, including Technogym, Total Gym, and hydro massage beds to allow recovery and injury prevention for our customers. The flooring areas, lighting, graphics and painting were also upgraded as part of the refurbishment works.

The company also ran a successful events program including the Gourock Triathlon, Kilmacolm Running Festival, X-Height Climbing Club, Group Fitness Launches and Primary School Athletics.

Lady Octavia Sports Centre, our third Fitness for Less club, reached a club live of 880 members in February 2020 previously having around 96 members.

Boglestone Activity Centre opened its doors in June 2019 introducing a large soft play, café and low-cost Fitness for Less gym. Membership and usage at this new development continued to go from strength to strength with the gym reaching over 1,500 members by January 2020 previously having around 800 members.

IL continued to promote, develop and drive key areas of the business which include Swim School, Skate School, IL cafes, children's activities, ticketed events and fitness membership promotions to tackle inactivity and create a healthier Inverclyde.

As part of our business development initiatives IL introduced and successfully launched a Fitness express circuit area at Port Glasgow pool in September 2019 attracting over 150 new members by January 2020.

The company also successfully passed stage 2 funding for a new tennis centre at Rankin Park.

Inverclyde Leisure continued to have great market presence in the local area working with our partners at Bigwave Marketing to deliver many new promotional campaigns throughout the year. Work started on the development of the new website by redesigning the CMS system to support the programme and assist the online digital journey. As part of the online programming, we also introduced more sites to the IL App. IL continued to have monthly marketing and development workshops to share ideas and generate new ways of reaching customers.

The company continued to improve the customer experience by researching data compiled from online customer surveys, "you said we did boards" and NPS surveys. The company remained the 3rd highest in Scotland, with 87% of Inverclyde residents being satisfied with local leisure facilities as part of the National Benchmarking Survey.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)

Inverclyde Leisure continued with good quality management (QMS) delivering a corporate average score of 77%. Our Health & Safety audits also improved with corporate average scores of 77%. Both targets were overachieved.

In spite of the last quarter of the year being impacted by COVID-19 we continued to build on partnerships with the NHS and local organisations to deliver a health and wellbeing service aimed at those most vulnerable in the community through Live Active online consultations.

The Move More programme, running in partnership with the Macmillan organisation, also continued supporting vulnerable clients with cancer rehabilitation and exercise prescription.

The Town Halls continued to be a great asset to the community hosting events, weddings and Hogmanay shows as well as supporting the NHS with blood transfusion services and School music festivals.

We also continued to develop self-service kiosks and IT with upgrades to phones, PC and the website. IL invested in the facilities along with our partners Inverclyde Council in preventive and reactive maintenance, and carried out several upgrades in facilities.

We continued our discussions with Inverclyde Council in terms of the Whinhill Golf course transfer and a full operational business plan was presented to the Council which resulted in a transfer in April 2020.

Parks and Pitches remained being very popular with local clubs and we continued to work closely with Inverclyde Council assisting them with the waiver scheme and administering the bookings for the school lets and pitches.

Inverclyde Leisure achieved a lot in the year and, once the influence of the pandemic has eased, will see the company being on solid foundations to build and surpass previous customer numbers.

Financial Review

Following significant capital investment of £454,514 and the significant impact of COVID-19 in the last quarter, Inverclyde Leisure had a challenging year resulting in an operating deficit of £198,127.

Income from core activities grew 2.5% whilst continuing in partnership with Inverclyde Council to reduce the management fee received.

After adjusting for pension costs and actuarial gain on pension fund, Inverclyde Leisure reported total surplus of £390,873.

Inverclyde Leisure are reporting total funds of the charity of (£791,737).

Trading Subsidiary Performance

The trading subsidiary continued to contribute to the charity with profits of £194,098 paid to the parent via gift aid compared to £167,642 in the previous year. The turnover increased from £350,311 to £408,492 due to a full year of the new cafes and the opening of Boglestone in the year. The performance of the trading subsidiary was very encouraging and once the restrictions are removed we are hopeful that the level of turnover will increase as the facilities open back up.

Restricted Funds

The Charity currently hold balances on three restricted funds totalling £390,907. The majority of the balance, £359,971, relates to the £600k grant received from the Council for the development of the Ravenscraig Activity Centre. This fund is being released over 10 years in line with the costs of the development. The remaining restricted funds are for two projects aimed at providing facilities to those referred by the NHS and have medical conditions where exercise is important to dealing with their illness.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)**Description of Principal Risks & Uncertainties and the plans to mitigate them**

Inverclyde Leisure consider risk assessment and control to be fundamental to achieving our strategic objectives and to protect our customers, staff, assets and reputation. We have an ongoing process of identifying, evaluating and managing risks that we face and tracking them in a risk register. Risks are regularly reviewed and the Board of Directors are updated on a regular basis.

Setting of Pay & Remuneration of Key Management Personnel and Trustees

The pay structure has been approved by the Board of Directors and any pay increments are reviewed and approved by the Board. One employee is nominated to the Board but there is no additional remuneration paid for this role.

Principal Funding Sources

The principal funding source for the Company is the management fee receivable from Inverclyde Council. The percentage of our turnover arising from this element in 2019/20 was 16.5% (18.8% 2018/19). This reflects both the slight increase in income generated from customers and reduction in management fee (£157,000). In the first year of the Company's life (2001/02) the management fee accounted for 52% of total income. In 2019/20 £93,907 (2018/19 £93,130) was financed through contributions from funds allocated by the NHS & MacMillan to improve the health and lifestyle of the population.

Investment Policy

All the Company's funds are held in an interest bearing bank current account.

Reserves Policy and Going Concern

The policy of the charity is to maintain reserves equal to 1 month of expenditure. Due to the agreement with the council this level of reserves enables the Charity to continuing trading as limits are in place regarding the maintenance of facilities used and managed by the Charity. In the past the Charity has maintained this position, however this year dipped under it due to the closure enforced in March which led to a drop in income. It is likely that this level of reserves will not be achieved for several years as the Charity has endured losses in the year due to the pandemic. However agreements are in place with the Council regarding liabilities up to March 2022 which will ensure that the Charity is in a position to grow the reserves within a 5 year time frame.

The unrestricted reserves, excluding the pension provision of the Company, stood at £470,356 at 31 March 2020 compared to £605,498 in the previous year.

Inverclyde Leisure is an admitted body to Strathclyde Pension Fund so employees are entitled to join the Local Government Pension Scheme (LGPS). Therefore, the Financial Statements show the amounts contributed by the council to the scheme in the year. The LGPS is a defined benefit scheme requiring an actuarial assessment of the Company's overall assets and liabilities to be included in the Financial Statements. The 2019/20 actuarial report shows a £1,653,000 pension liability as at 31 March 2020.

The decrease in the liability relates to an actuarial gain.

The accounts for the year recognise the cost of retirement benefits when employees earn them, rather than when the benefits are eventually paid as pensions. However, our business plan is based on the cash payable in the year.

The LGPS is a funded scheme meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over time. The actuarial assessment provides only a snapshot as at 31 March 2020 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the fund and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)**Reserves Policy and Going Concern (Cont'd)**

Despite the pension liability and the significant impact COVID-19 has had on the company's financial position, the trustees are of the opinion that the Charitable Company have the necessary funds to continue for a period in excess of 12 months and that the accounts should therefore be prepared on the going concern basis.

Due to the uncertainty caused by the global pandemic, at its meeting on the 28th July 2020, Inverclyde Council agreed ongoing financial support for Inverclyde Leisure during the 2020/2021 financial year and, to date funding of £951,000 has been received. As agreed Inverclyde Leisure has submitted its revised three year business plan for the years 2021/2023 to the Council and both parties have had regular meetings to assess the ongoing impact the pandemic is having on its operations. On the 3rd February 2021, Inverclyde Council provided a further letter of comfort that the Council will provide funding to ensure Inverclyde Leisure can meet its liabilities through 2021/2022.

Plans for future periods

Inverclyde Leisure (IL) had grown significantly in previous years but COVID-19 changed everything with the company losing a large number of customers in 2020, therefore requiring increased funding from Inverclyde Council.

The aim of this three year plan is to rebuild the company. Our objectives are to build customer confidence, win our customers back and attract new customers. This will be delivered through our key message of health and wellbeing and how activity, sport and culture can improve people's lives. Our aim throughout the plan will be to deliver the following initiatives:

- Winning loyal customers, existing, old and new (winning hearts and minds through health, wellbeing and experience);
- Leverage technology to improve customer experience;
- Consolidate and reduce expenditure where we can do so, and apply for available funding;
- Utilise dynamic employee scheduling;
- Continually reviewing programmed activities;
- Be creative and search for ways to be innovative;
- Seek for ways to grow as the environment becomes more stable.

The strategic plan sets a course for recovery for the company over the three years. The strategy has been developed through consultation with customers, employees and stakeholders to ensure that great ideas turn into meaningful aims and objectives. This subsequently dovetails into valuable external research.

Our mission has been reviewed as part of the process and our focus will be providing great experiences and fun activities for our customers.

Our vision and values continue as in previous plans.

To be the best in the eyes of customers, employees and our stakeholders:

- Being Enthusiastic
- Being Positive
- Being Professional
- Being Open Minded
- Being Innovative
- Being Honest

IL believes in working in partnership with all stakeholders creating value for our partners and always striving to continually improve in everything we do.

The research has changed significantly from the original plan where Brexit was one of the main risks, although still very much a concern, the effect of COVID-19 has dominated the research from the economy through to detailed leisure industry analysis.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)**Plans for future periods (cont'd)**

In summary from the research, as well as having serious implications on people's health, COVID-19 is and will continue to have a serious impact on the UK and Scottish economy for the foreseeable future with recession in the first two quarters of 2020. As businesses were getting used to the new world with social distancing measures and becoming COVID-19 compliant, the UK plummeted into a second wave giving even more uncertainty to businesses already facing significant challenges.

Governments have helped and continue to do so with a mixture of fiscal and monetary support packages for business, but this does not cover all costs. There is considerable uncertainty regarding the economic outlook for the next few years and this will likely influence unemployment in the area and people's disposable income. The economy will recover but the path and speed will probably mirror our success in managing the health crisis and operating in a different but productive manner.

The impact on the leisure industry has been significant with required closure for a major part of 2020 and a considerable loss of income and risk of financial sustainability for parts of the sector. There is also uncertainty of closure with the new tier system in Scotland that may have an effect on the company depending on the rate of infection in the area.

The public leisure and cultural landscape will be in a fragile position for a significant period with a lengthy recovery. There is a great deal of research and evidence that the physical activity sector can help play a role in the recovery both from an economic and health perspective.

Despite the bleak economic outlook and uncertainty above, there are opportunities going forward and there will be a recovery. When the timing is right Inverclyde Leisure will manage that opportunity by getting ahead of the competition, constantly reviewing and taking necessary action with the key aim of emerging stronger and better as a company.

Opportunities going forward:

- There is an opportunity that society must awaken to the importance of staying healthy as a defence against illness;
- According to research collated by the NHS exercise can reduce the risk of illness by up to 50% and lower risk of early death by 30%;
- Creating wellbeing driven general programmes across communities to improve health;
- Creating value to customers through engaging digitally with our users both socially and through activity;
- Using data to drive customer experience to understand trends;
- Creating opportunity from technology and digitalisation for our customers driven by software and supported by our facilities;
- Creating audio visual experiences for our customers, and winning hearts and minds of our customers through motivation and creating highly stimulating environments;
- Creating more individualised services for our customers;
- Creating more balanced lifestyles programmes for our customers;
- Review emerging training approaches and keeping programmes fresh;
- Creating programs for the active aging 70 plus market;
- Creating programmes for the millennial generation who would rather spend their disposal income on fitness.

Research pre COVID-19 also highlighted that sports have seen an increase in fitness related sport such as running, cycling, jogging, aerobic and weight training. However, football, golf and bowls are on a downward trend - especially amongst the 16 to 25 age group.

The future for health and wellbeing seems to represent enormous opportunities for customers and Inverclyde Leisure to create the correct mix of programmes and activities as we rebuild the company.

The local area is forecasted to decline in the coming years, and this has been further influenced by COVID-19, but there are still key areas of strength to the local demographic profile within good catchments to our facilities.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)**Plans for future periods (cont'd)**

Consumer research, both user and non-user, highlighted some important areas for IL to focus on. These included the importance of general health and wellbeing and importance of technology to consumers.

The plan includes new objectives to drive the business throughout the next few years. The new objectives have been formed by focusing on recovery, rebuilding and growing when the environment becomes more stable.

Corporately, we have some fantastic improvements planned. From a Human Resource perspective, we will continue to proactively engage with employees putting the right people in the correct positions. Training is even more fundamental for employees and the company to ensure processes are being followed and the company are delivering safe services during the pandemic.

Marketing has been the foundation for Inverclyde Leisure's growth over the last few years and it remains a key priority to help the company recover.

Technology will be more prevalent and a lot of this will be driven through Information Technology. IL are at the forefront innovation in our sector and have invested in developing cloud-based systems, apps and a new web to ensure we have a strong presence online, and this will be further enhanced within the next three years through video and better digital presence both socially and through online programmes.

To ensure we have well maintained facilities, our Facilities Manager has been centralising all preventative maintenance contracts. Reactive maintenance will be managed through our facility management software and external contractors who repair and replace broken items. Life cycle costs remains a split responsibility between IL and Inverclyde Council.

Business development is another important part of IL's recovery. In April 2020 we transferred the Whinhill golf course from IC. We also have existing projects in the pipeline that, after we have stabilized, will help build income for the company. These include the new indoor tennis centre, the new movable floor at the Waterfront, in year three the potential refurbishment of the remaining fitness plus gyms with the new zoning model and keeping an eye on the market for emerging trends to ensure we have the best products and services for our customers.

Customer service has always been a strength for the company, and we will continue to train our employees to value customer experience to ensure that customers enjoy the products and services we offer.

From a Health and Safety perspective during COVID-19 we have worked closely with our health and safety advisors to update our pandemic procedure and have been advised on the best way to manage safety during the pandemic. During the pandemic we have also embedded government and industry guidance to ensure we are operating as a COVID-19 safe company.

From March 2020 our support from live active advisors has been delivered online. The health and wellbeing market is an area of opportunity for the company in future years and we aim to develop targeted programmes for our customers and bring in new programmes for the active aging market, mental health, behavioural change and general health and activity programming.

The operations team aim to deliver the very best customer experience and initiatives. The operational strategy focuses on rebuilding the business.

Operationally, the town halls will continue to focus on serving the community and once we are able to do so, we will work with our catering contractor to bring back events and bookings to the halls. 2020 hit the halls income particularly hard but the pipeline has increased in future years due to movement of bookings.

Parks and pitches have been severely affected in 2020 and IL have been operating pitches following government advice and dependent on demand. The hope is that although there will be some redistribution in year one that football will resume fully in future years.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)**Plans for future periods (cont'd)**

Community centres are the focal point of the community and give the opportunity for community groups to book great value for money facilities. As we start to reopen town halls fully, we will look to contact community groups to use the town halls for facilities that will not open till April 21.

The leisure estate continues to be our main source of income for the company and the rise of fitness related sports makes it a great place to invest.

The Waterfront is IL's largest centre and reopened on the 31st of August 2020 after being closed since March 2020 due to COVID-19. This has meant that usage has reduced significantly and there are still only parts of the building able to open, this includes loss of income from skating, curling, classes, swimming and saunas. The aim is to slowly rebuild in 2020/21 to re-engage with our customers considering there may be further restrictions to services through local lockdowns. In year two we aim to continue the process of rebuilding and attracting back users and in the final year of the plan the aim is to continue to build, to get back to original levels by the end of the year.

Port Glasgow pool reopened in October 2020 funded by Inverclyde Council. The aims at the centre are to rebuild swim school participation, the express fitness studio and in later years develop children's party package and targeted health programmes.

Gourock pool and gym is a focal point for the company in the summer months, with good weather attracting visitors throughout Scotland. Gourock pool opened in early September 2020 and operated through to the end of October 2020. For the following two years Gourock pool is planned to open as usual to the end of September. In year three as part of the continued investment in the site, we aim to refurbish the fitness plus gym using the new zoning model to create a superior experience for our customers. We also aim to improve the customer journey and bring an imaginative programming for the active aging, health and fun activities such as doggy swims.

Boglestone has seen significant investment over the last few years, unfortunately COVID-19 has severely affected our income this year with soft play and the Proud to Serve Costa Café missing any income from the key summer holiday period and October half term. The hope would be that these facilities can open later in 2020 or alternative funding can be found. In year 2 and 3 we have assumed these services will be operating at pre COVID-19 levels.

The gym has also been affected in 2020 with some users cautious to return. The aim for the centre in future years is to recover the soft play, café and drive the fitness for less gym back to original levels. The main developments at the centre come from maximising the usage of the bookable rooms and the potential redevelopment refurbishment of the squash courts in later years.

Birkmyre fitness gym opened late August 2020 due to COVID-19, the centre is a key part of the local community of Kilmacollm offering the fitness plus model, café and grass pitches. The aims over the next few years are to rebuild memberships, look to refurbish the fitness gym using the new zoning model, develop the programme with a boutique offering and improve access control creating a more frictionless customer journey.

Lady Octavia reopened in October 2020, the centre offers a fitness for less gym, as well as having a four-court hall and all-weather pitches. The focus for Lady Octavia will be to rebuild the fitness membership and in later years develop more programmed activity such as football, nerf gun parties and programming off peak times with health-related programming.

Greenock Sports Centre offers a large multi-use games hall to accommodate football, events, basketball, volleyball, badminton etc. IL has an extensive group fitness programme such as Bodypump, Bodycombat, Bodystep and Bodyattack. Unfortunately, these programmes have been affected by the Scottish government tier system. The centre has also been severely affected by limited bookings and sports clubs not returning in 2020. The aim over the coming years will be to rebuild our customer base and fully open the centre fitness provision. The centre will require extra funding until customers return. The centre is also in need of investment and we will be working with IC to prioritise the investment over the leisure estate.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)**Plans for future periods (cont'd)**

Ravenscraig Activity Centre is another facility that has been hit badly by COVID-19, although the gym opened the 31st of August the soft play, café and climbing have remained closed. The focus in the next few years will be to rebuild the fitness membership, developing birthday parties corporately, rebuilding the climbing club and in later years reviewing the gym design to further enhance the customer experience.

The indoor bowling centre runs during the winter months. Unfortunately, so far in 2020 we have been unable to open the facility because of restrictions due to COVID-19 and the hope is that we will reopen January with bowling league matches starting at the same time. The plan is to return to normal usage over the remaining years.

Financially the company will require extra funding if we are to continue to operate the same amount of facilities and services in our current portfolio. This funding will be required for the initial effect of COVID-19 in the first year where facilities were closed and the company was operating under government restrictions for a large part of the year. As the company rebuilds, we will be reducing that extra funding for the following two years with the aim of full recovery after that.

Inverclyde Leisure produced its three year business plan for 2021/2023 in November 2020. Since then, Scotland entered another National Lockdown on 26th December 2020 and whilst some minimal outdoor activity could continue to generate income, the majority of our leisure services had to close. There is now an indicative date of 26th April 2021 to reopen gyms and other leisure facilities and as with the phased opening during 31st August 2020 to 26th December 2020, Inverclyde Leisure has a clear plan and approach for the safe opening of facilities as lockdown is eased.

Trustees' responsibilities in relation to the financial statements

The trustees (who are the directors of Inverclyde Leisure for the purpose of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)

Reference and administrative details

Trustees delegate authorities to the Chief Executive, Kieron Vango. The specific authorities are contained in the "Scheme of Delegation to the Chief Executive" approved in November 2002.

Charity number: SC032161
Company number: SC223197
Registered office: Waterfront Leisure Complex, Customhouse Way, Greenock, PA15 1EW

Our Advisors

Auditors: Welsh Walker Limited, 179a Dalrymple Street, Greenock, PA15 1BX
Bankers: Bank of Scotland, 64/66 West Blackhall Street, Greenock, PA15 1XG
Solicitors: Patten & Prentice, 2 Ardgowan Square, Greenock, PA16 8PP

Key management personnel: Trustees' and Directors

The directors of the charitable company (the charity) are its trustees for the purpose of charity law.

The trustees and officers serving during the year and since the year end were as follows:

C. Jewell
W. Hawthorne
A. Hetherington
J. Clocherty
G. Brooks
P. Gupta
J. McEleny
C. Wilson (resigned 20th March 2020)
L. Quinn
E. Cameron (appointed 25th May 2020)

Trustees interests

There are no trustees' interests requiring disclosure under the Companies Act 2006.

Key management personnel

The trust operates with a team of managers with tasks delegated accordingly. Overall responsibility for the trust lies with the trustees, however it is the opinion of the Trustees that the Chief Executive, Head of Leisure Community Facilities and the Finance Manager should be considered as the Key Management Personnel of the Charitable Company.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 10 September 2001 and registered as a charity on 14 September 2001. The company was established under a Memorandum which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are each required to contribute an amount not exceeding £1.00.

Appointment of Trustees

The subscribers to the Memorandum of the Company and such other persons are admitted to membership in accordance with the Articles shall be Members of the Company. There shall be a maximum of 9 Members at any time.

There are two classes of Members (1) "Nominated Members" and (2) "Co-opted Members" which make up the 9 Trustees.

There are presently 5 "Nominated Members" made up as follows:

- 4 from Inverclyde Council
- 1 employee from the Company – employees offer themselves for appointment to serve for a period of three years. An interview process is then carried out by the Trustees before an appointment is made. The last selection process was on 1 February 2017.

The remaining four Members are chosen from the business and local community. Their experience and expertise strengthen and broaden that of the Board of Trust

Procedures for Induction and Training of Trustees

At the inception of the Company, all Trustees attended a workshop at which the Company's Solicitors explained their roles and responsibilities. When a new Trustee is appointed or circumstances change, Trustees are updated on their roles and responsibilities by the Company's Solicitors.

Organisation Structure

A Scheme of Delegation is in place and responsibility for the day to day operation of the Company rests with the Chief Executive and Executive Management Team comprising of the Head of Leisure and Community Facilities and Finance Manager.

Details of Any Related Parties

There is a Funding Agreement between Inverclyde Council and the Company. The Company provides the services as defined in the Agreement in return for the payment by the Council to the Company of a management fee upon the terms and conditions contained in the document.

The company also has a trading subsidiary, Inverclyde Leisure Trading Limited, consolidated in the attached Financial Statements.

The charitable company also employs family members of those identified as Key Management Personnel. Details of their salaries have been included in note 20 to the account.

Statement on Risk Management

Greenwood Insurance Brokers review our insurance cover on a bi-annual basis to highlight any uninsured risk and expose elements of cover that require adjusting or deleting. Insurance cover based on this assessment is in place.

Inverclyde Leisure management confirm on an ongoing basis that best practice inherent in the operating procedures and financial regulations is being followed at all locations.

Risk Management within the Charity continues to develop and the Executive Management Team is committed to continuing to make satisfactory progress to ensure neither Inverclyde Leisure nor Inverclyde Council are exposed to business failure. Inverclyde Leisure now has a risk register in place which is reviewed on a regular basis.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2020 (Cont'd)

Auditors

In accordance with the company's articles, a resolution proposing that Welsh Walker Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement as to disclosure to our auditors

In so far the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

By order of the board of trustees

W. Hawthorne
Chairperson and Director

17th March 2020

Opinion

We have audited the financial statements of Inverclyde Leisure (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise Consolidated Income and Expenditure Account, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Activities, Consolidated and Parent Company Balance Sheets, Consolidated and Parent Company Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 and parent charitable company's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, 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 conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 1.2 of the Financial Statements, which describes the basis for why the accounts are prepared on the going concern basis. Our opinion is not modified in this respect.

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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF INVERCLYDE LEISURE**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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Report has 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 parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement (set out on page 9), the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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://frc.org.uk/auditorsresponsibilities>. The description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF INVERCLYDE LEISURE**Use of our report**

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 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. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Craig Lindsay (Senior Statutory Auditor)**Date: 17th March 2020****For and on behalf of Welsh Walker Ltd
Chartered Accountants
Statutory Auditor****179A Dalrymple Street
Greenock
PA15 1BX**

CONSOLIDATED INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Income		6,806,486	6,794,946
Cost of sales		<u>(4,561,187)</u>	<u>(4,474,469)</u>
Gross Surplus		2,245,299	2,320,477
Administrative expenses		(2,529,346)	(2,403,510)
Other operating income		<u>93,907</u>	<u>93,130</u>
Operating (Deficit) / Surplus	5	(190,140)	10,097
Other interest receivable and similar income		6,416	7,095
Interest payable and similar charges		<u>(14,403)</u>	<u>(15,671)</u>
Operating (Deficit) / Surplus after interest		(198,127)	1,521
Other finance costs		<u>(509,000)</u>	<u>(730,000)</u>
(Deficit) for the financial year		<u><u>(707,127)</u></u>	<u><u>(728,479)</u></u>
Where of:			
Inverclyde Leisure		(901,225)	(896,121)
Inverclyde Leisure Trading Services Ltd		<u>194,098</u>	<u>167,642</u>
		<u><u>(707,127)</u></u>	<u><u>(728,479)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Deficit for the financial year		(707,127)	(728,479)
Actuarial gain / (loss) on pension scheme	13	<u>1,098,000</u>	<u>(737,000)</u>
Total losses recognised since last financial statements		<u><u>390,873</u></u>	<u><u>(1,465,479)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Incoming resources from:					
Grants		37,232	56,675	93,907	56,300
Charitable activities		5,296,474	-	5,296,474	5,222,945
Other trading activities		408,492	-	408,492	350,311
Other	3	1,107,936	-	1,107,936	1,265,615
Total		<u>6,850,134</u>	<u>56,675</u>	<u>6,906,809</u>	<u>6,895,171</u>
Expenditure on:					
Raising funds	4(a)	214,394	-	214,394	182,669
Charitable activities	4(b)	7,260,755	138,787	7,399,542	7,440,981
Total		<u>7,475,149</u>	<u>138,787</u>	<u>7,613,936</u>	<u>7,623,650</u>
Net expenditure		(625,015)	(82,112)	(707,127)	(728,479)
Transfers between funds		(19,127)	19,127	-	-
Other recognised gains / (losses):					
Actuarial gains / (losses) on defined benefit pension schemes		1,098,000	-	1,098,000	(737,000)
Net movement in funds		<u>453,858</u>	<u>(62,985)</u>	<u>390,873</u>	<u>(1,465,479)</u>
Reconciliation of funds					
Total funds brought forward		(1,636,502)	453,892	(1,182,610)	282,869
Total funds carried forward		<u>(1,182,644)</u>	<u>390,907</u>	<u>(791,737)</u>	<u>(1,182,610)</u>

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2020

COMPARATIVE YEAR

	Notes	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Total Funds £
Incoming resources from:				
Grants		-	56,300	56,300
Charitable activities		5,222,945	-	5,222,945
Other trading activities		350,311	-	350,311
Other	3	1,265,615	-	1,265,615
Total		<u>6,838,871</u>	<u>56,300</u>	<u>6,895,171</u>
Expenditure on:				
Raising funds	4(a)	182,669	-	182,669
Charitable activities	4(b)	7,307,339	133,642	7,440,981
Total		<u>7,490,008</u>	<u>133,642</u>	<u>7,623,650</u>
Net expenditure		(651,137)	(77,342)	(728,479)
Transfers between funds		(18,507)	18,507	-
Other recognised (losses) / gains:				
Actuarial (losses) / gains on defined benefit pension schemes		(737,000)	-	(737,000)
Net movement in funds		<u>(1,406,644)</u>	<u>(58,835)</u>	<u>(1,465,479)</u>
Reconciliation of funds				
Total funds brought forward		<u>(229,858)</u>	<u>512,727</u>	<u>282,869</u>
Total funds carried forward		<u>(1,636,502)</u>	<u>453,892</u>	<u>(1,182,610)</u>

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Incoming resources from:					
Grants		37,232	56,675	93,907	56,300
Charitable activities		5,296,474	-	5,296,474	5,222,945
Other	3	1,302,034	-	1,302,034	1,433,257
Total		<u>6,635,740</u>	<u>56,675</u>	<u>6,692,415</u>	<u>6,712,502</u>
Expenditure on:					
Charitable activities	4(b)	<u>7,260,755</u>	<u>138,787</u>	<u>7,399,542</u>	<u>7,440,981</u>
Total		<u>7,260,755</u>	<u>138,787</u>	<u>7,399,542</u>	<u>7,440,981</u>
Net expenditure		(625,015)	(82,112)	(707,127)	(728,479)
Transfers between funds		(19,127)	19,127	-	-
Other recognised gains / (losses):					
Actuarial gains / (losses) on defined benefit pension schemes		<u>1,098,000</u>	<u>-</u>	<u>1,098,000</u>	<u>(737,000)</u>
Net movement in funds		<u>453,858</u>	<u>(62,985)</u>	<u>390,873</u>	<u>(1,465,479)</u>
Reconciliation of funds					
Total funds brought forward		<u>(1,636,502)</u>	<u>453,892</u>	<u>(1,182,610)</u>	<u>282,869</u>
Total funds carried forward		<u>(1,182,644)</u>	<u>390,907</u>	<u>(791,737)</u>	<u>(1,182,610)</u>

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2020

COMPARATIVE YEAR

	Notes	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Total Funds £
Incoming resources from:				
Grants		-	56,300	56,300
Charitable activities		5,222,945	-	5,222,945
Other	3	1,433,257	-	1,433,257
Total		<u>6,656,202</u>	<u>56,300</u>	<u>6,712,502</u>
Expenditure on:				
Charitable activities	4(b)	<u>7,307,339</u>	<u>133,642</u>	<u>7,440,981</u>
Total		<u>7,307,339</u>	<u>133,642</u>	<u>7,440,981</u>
Net expenditure		(651,137)	(77,342)	(728,479)
Transfers between funds		(18,507)	18,507	-
Other recognised (losses) / gains:				
Actuarial (losses) / gains on defined benefit pension schemes		<u>(737,000)</u>	<u>-</u>	<u>(737,000)</u>
Net movement in funds		<u>(1,406,644)</u>	<u>(58,835)</u>	<u>(1,465,479)</u>
Reconciliation of funds				
Total funds brought forward		<u>(229,858)</u>	<u>512,727</u>	<u>282,869</u>
Total funds carried forward		<u>(1,636,502)</u>	<u>458,592</u>	<u>(1,182,610)</u>

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	7		1,355,095		1,221,952
Current assets					
Stocks	9	14,178		13,176	
Debtors	10	453,730		587,654	
Cash at bank and in hand		789,054		429,185	
		1,256,962		1,030,015	
Creditors: amounts falling due within one year	11	(1,352,471)		(751,048)	
Net current assets			(95,509)		278,967
Total assets less current liabilities			1,259,586		1,500,919
Creditors: amount falling due after more than one year	11		(398,323)		(441,529)
Net assets excluding pension liability			861,263		1,059,390
Pension scheme liability	13		(1,653,000)		(2,242,000)
Net assets including pension liability			(791,737)		(1,182,610)
The Funds of the Charity:					
Unrestricted income funds excluding pension liability	16		470,356		605,498
Restricted funds	16		390,907		453,892
Pension provision	16		(1,653,000)		(2,242,000)
Total funds of the charity			(791,737)		(1,182,610)

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 44 of the Charities and Trustee Investment (Scotland) Act 2005. These accounts are prepared in accordance with the special provisions of part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes on the following pages form part of these accounts.

Signed:

Name: W Hawthorne

On behalf of the Trustees

Approved by the Trustees on: 17th March 2020

Company Registration No. SC223197

COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	7		1,355,095		1,221,952
Investments			<u>1</u>		<u>1</u>
			1,355,096		1,221,953
Current assets					
Stocks	9	5,850		5,531	
Debtors	10	462,057		595,298	
Cash at bank and in hand		<u>789,054</u>		<u>429,185</u>	
		1,256,961		1,030,014	
Creditors: amounts falling due within one year	11	<u>(1,352,471)</u>		<u>(751,048)</u>	
Net current assets			<u>(95,510)</u>		<u>278,966</u>
Total assets less current liabilities			1,259,586		1,500,919
Creditors: amount falling due after more than one year	11		<u>(398,323)</u>		<u>(441,529)</u>
Net assets excluding pension liability			861,263		1,059,390
Pension scheme liability	13		<u>(1,653,000)</u>		<u>(2,242,000)</u>
Net assets including pension liability			<u>(791,737)</u>		<u>(1,182,610)</u>
The Funds of the Charity:					
Unrestricted income funds excluding pension liability	16		470,356		605,498
Restricted funds	16		390,907		453,892
Pension provision	16		<u>(1,653,000)</u>		<u>(2,242,000)</u>
Total funds of the charity			<u>(791,737)</u>		<u>(1,182,610)</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 44 of the Charities and Trustee Investment (Scotland) Act 2005. These accounts are prepared in accordance with the special provisions of part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes on the following pages form part of these accounts.

Signed:

Name: W Hawthorne

On behalf of the Trustees

Approved by the Trustees on: 17th March 2020

Company Registration No. SC223197

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	£	2020	£	£	2019	£
Cash flows from operating activities							
Net cash (used in) / provided by Operating activities	23			857,589			(398,136)
Cash flow from investing activities							
Purchase of property, plant and equipment		(454,514)				(230,412)	
Proceeds from disposal of tangible fixed assets		<u>-</u>				<u>-</u>	
Net cash used in investing activities				(454,514)			(230,412)
Cash flows from financing activities							
Repayments of borrowing		<u>(43,206)</u>				<u>(41,889)</u>	
Net cash used in financing activities				<u>(43,206)</u>			<u>(41,889)</u>
Net change in cash and cash equivalents in the reporting period				359,869			(670,437)
Cash and cash equivalents at the beginning of the reporting period				<u>429,185</u>			<u>1,099,622</u>
Cash and cash equivalents at the end of the reporting period				<u>789,054</u>			<u>429,185</u>

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	£	2019	£	2019	£
Cash flows from operating activities						
Net cash (used in) / provided by Operating activities	23		857,589		(398,136)	
Cash flow from investing activities						
Purchase of property, plant and equipment		(454,514)		(230,412)		
Proceeds from disposal of tangible fixed assets		<u>-</u>		<u>-</u>		
Net cash used in investing activities			(454,514)		(230,412)	
Cash flows from financing activities						
Repayments of borrowing		<u>(43,206)</u>		<u>(41,889)</u>		
Net cash used in financing activities			<u>(43,206)</u>		<u>(41,889)</u>	
Net change in cash and cash equivalents in the reporting period			359,869		(670,437)	
Cash and cash equivalents at the beginning of the reporting period			<u>429,185</u>		<u>1,099,622</u>	
Cash and cash equivalents at the end of the reporting period			<u>789,054</u>		<u>429,185</u>	

1. Accounting Policies

Inverclyde Leisure is a charitable company limited by guarantee and has no share capital. The Registered Office is Waterfront Leisure Complex, Customhouse Way, Greenock, PA15 1EW.

1.1 Accounting Convention

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 (FRS102) (effective 1 January 2020) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) and the Companies Act 2006.

Inverclyde Leisure meets the definition of a public benefit entity under FRS102.

The Financial Statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these Financial Statements are rounded to the nearest £.

The Financial Statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies are set out below.

1.2 Going Concern

The trustees are of the view that the charity is financially secure for the next 12 months due to the letter of support received from Inverclyde Council that should the need arise they will assist in providing financial support to the charity to enable it to meet its liabilities through to March 2022.

The management of the charity are constantly revising budgets as changes are made to the restrictions and these changes are discussed in full with the Council as part of the agreement for the funding.

Whilst the balance sheet at March 20 shows the funds of the charity to be in net deficit, the pension liability constitutes a balance greater than the deficit. As stated in note 13, Inverclyde Council will assume any liability for the pension, should the charity cease to exist. For this reason, the Trustees have considered the financial position of the charity without the pension liability, and are of the opinion that the charity has healthy reserves.

Following the balance sheet date the charity has illustrated that they were able to offer leisure facilities under the restrictions that were in place between September and December 2020. The management team and the staff worked extremely hard during this period to ensure that all procedures identified were carried out as expected to limit the risk of transmission within its facilities. This provides a degree of comfort that when the restrictions are hopefully lifted at the end of April the charity will be in a good position to open the facilities up and provide leisure services to the people of Inverclyde.

Due to the continued support from Inverclyde Council and the ability of the charity to operate under restrictions the trustees are of the opinion that the charity is a going concern and that the accounts should be prepared on that basis.

1.3 Group Financial Statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Inverclyde Leisure Trading Services Limited.

1. Accounting Policies (cont'd)

1.4 Income

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity or its subsidiary have entitlement to the funds;
- Any performance conditions attached to the items of income have been met or are fully within the control of the charity or its subsidiary;
- There is sufficient certainty that receipt of the income is considered probably; and
- The amount can be measured reliably.

The main sources of income are as follows:

- Use of leisure facilities – this is recognised when the charity or its subsidiary have entitlement to the funds;
- Trading income – this is recognised in the parent company when the funds are paid up via a gift aid payment;
- Grants – these are recognised on receipt of the funds.

1.5 Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.6 Fund Accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Restricted funds are grants which the funder has specified are to be solely used for particular areas of the Trust's work or for specific projects being undertaken by the Trust.

1.7 Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity heading:

- Expenditure on charitable activities includes the costs of providing leisure facilities and the associated support costs.

Irrecoverable VAT is charged as a single cost within support costs.

1.8 Allocation of Support Costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include bank office costs, finance, personnel, payroll and governance costs which support the Trusts activities.

1.9 Donated Services and Facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1. Accounting Policies (cont'd)

1.10 Operating Leases

The charity classifies the lease of gym equipment as operating leases; the title to the equipment remains with the lessor. Rental charges are charged on a straight line basis over the term of the lease. Operating lease charges are included within direct costs.

1.11 Tangible Fixed Assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Asset Category	Annual rate
Tenants improvements	10-20% straight line
Plant & Machinery	25% reducing balance
Fixtures & fittings	15-33% straight line
Gym equipment	15-33% straight line, 25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.12 Impairment of Fixed Assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the profit and loss account.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

1.13 Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in the income and expenditure.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount or waivers offered.

1. Accounting Policies (cont'd)

1.15 Creditors and Provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Cash and Cash Equivalents

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

1.16 Financial Instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Basic Financial Assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets classified as receivable within one year are not amortised.

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Any impairment loss is recognised in the profit and loss account. Subsequent reversals are reversed recognised in profit and loss but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Classification of Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic Financial Liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.17 Pensions

The Strathclyde Pension Fund is a multi-employer defined benefit scheme administered for the benefit of Local Authorities and other bodies and is managed in accordance with the Local Government Pension Scheme Regulations 2013 (as amended).

1. Accounting Policies (cont'd)

1.19 Employment Benefits

The costs of short-term employee benefits including holiday pay are recognised as a liability and an expense.

2. Judgements and Key Sources of Estimation Uncertainty

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical Judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

Depreciation of fixed assets has been based on estimated useful lives and residual values deemed appropriate by the trustees. Estimated useful lives and residual values are reviewed annually and revised as appropriate.

Stock

Stock provisions are provided at rates to write off stock for theft, spoilage, obsolescence or other damages to physical stock holdings. The provisions are reviewed annually by the trustees and revised accordingly. Provisions are made where it is probably current stock holdings, due to slow movements, are likely to become obsolete or spoiled.

Bad Debts

Bad debt provisions are provided at rates deemed appropriate by the trustees.

Specific allowances are provided for when it is known to the trustees that the debtor is not recoverable in part or in full.

General allowances are provided based on the trustees' cumulative knowledge and experience of the industry, where it is deemed probable a portion of the debtors balance will become unrecoverable.

Classification of Leases

The conditions attached to each lease agreement entered into are reviewed to determine the accounting treatment of each lease.

3. Other Income - Group	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £
Management Fee	1,101,520	-	1,101,520
Bank Interest Received	6,416	-	6,416
	<u>1,107,936</u>	<u>-</u>	<u>1,107,936</u>

Other Income – Group (Comparative)	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Total Funds £
Management Fee	1,258,520	-	1,258,520
Bank Interest Received	7,095	-	7,095
	<u>1,265,615</u>	<u>-</u>	<u>1,265,615</u>

Other Income – Company	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £
Management Fee	1,101,520	-	1,101,520
Bank Interest Received	6,416	-	6,416
Gift Aid Distribution received from Inverclyde Leisure Trading Services Ltd	194,098	-	194,098
	<u>1,302,034</u>	<u>-</u>	<u>1,302,034</u>

Other Income – Company (Comparative)	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Total Funds £
Management Fee	1,258,520	-	1,258,520
Bank Interest Received	7,095	-	7,095
Distribution received from Inverclyde Leisure Trading Services Ltd	167,642	-	167,642
	<u>1,433,257</u>	<u>-</u>	<u>1,433,257</u>

4a. Expenditure on Raising Funds

	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £
Waterfront Café	58,304	-	58,304
Ravenscraig Café	49,923	-	49,923
Boglestone Café	24,721	-	24,721
Other goods for Resale	71,491	-	71,491
Repair Costs	8,790	-	8,790
Other Costs	1,165	-	1,165
	<u>214,394</u>	<u>-</u>	<u>214,394</u>

Expenditure on Raising Funds - (Comparative)

	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Total Funds £
Waterfront Café	55,002	-	55,002
Ravenscraig Café	44,191	-	44,191
Other goods for Resale	69,779	-	69,779
Employment Costs	1,920	-	1,920
Repair Costs	11,115	-	11,115
Other Costs	662	-	662
	<u>182,669</u>	<u>-</u>	<u>182,669</u>

4b. Expenditure on Charitable Activities

	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £
Pool and Material Costs	15,903	-	15,903
Employment Costs	4,170,354	78,614	4,248,968
Operating Leases	91,877	-	91,877
Property Costs	1,296,003	-	1,296,003
Staff Related Costs	17,379	-	17,379
Office Costs	278,505	-	278,505
Finance Costs	195,767	-	195,767
Depreciation	261,376	59,995	321,371
Irrecoverable VAT	296,381	-	296,381
Special Events	13,053	-	13,053
Other Costs	47,761	178	47,939
Legal & Professional Fees	18,914	-	18,914
Audit Fees	10,550	-	10,550
Consultancy Fees	23,529	-	23,529
Costs Associated with Pension Scheme	509,000	-	509,000
Interest Payable	14,403	-	14,403
	<u>7,260,755</u>	<u>138,787</u>	<u>7,399,542</u>

4b. Expenditure on Charitable Activities - (Comparative)

	2019	2019	2019
	Unrestricted	Restricted	Total
	Funds	Funds	Funds
	£	£	£
Pool and Material Costs	17,169	-	17,169
Employment Costs	4,087,324	73,086	4,160,410
Operating Leases	125,998	-	125,998
Property Costs	1,232,867	-	1,232,867
Staff Related Costs	44,721	561	45,282
Office Costs	200,053	-	200,053
Finance Costs	165,241	-	165,241
Depreciation	234,201	59,995	294,196
Irrecoverable VAT	276,558	-	276,558
Special Events	59,892	-	59,892
Other Costs	47,481	-	47,481
Legal & Professional Fees	35,594	-	35,594
Audit Fees	10,300	-	10,300
Consultancy Fees	24,269	-	24,269
Costs Associated with Pension Scheme	730,000	-	730,000
Interest Payable	15,671	-	15,671
	<u>7,307,339</u>	<u>133,642</u>	<u>7,440,981</u>

5. Operating Surplus

	2020	2019
	£	£
The surplus is stated after charging –		
Auditor's Remuneration	10,550	10,300
Depreciation of Tangible Fixed Assets	321,371	294,196
	<u>331,921</u>	<u>304,496</u>

The auditor did not provide any non-audit services in 2020 or 2019.

6. Interest Payable

	2020	2019
	£	£
Loan interest paid	14,403	15,671
	<u>14,403</u>	<u>15,671</u>

7. Group & Company Tangible Fixed Assets

	Tenants Improvements £	Plant & Machinery £	Fixtures & Fittings £	Gym Equipment £	Total £
Cost					
At 1 April 2019	2,135,782	144,708	532,926	835,325	3,648,741
Additions	238,590	-	82,627	133,297	454,514
At 31 March 2020	2,374,372	144,708	615,553	968,622	4,103,255
Depreciation					
At 1 April 2019	1,130,813	105,362	481,489	709,125	2,426,789
Charge for the year	189,767	9,070	48,854	73,680	321,371
At 31 March 2020	1,320,580	114,432	530,343	782,805	2,748,160
Net Book Value					
At 31 March 2020	1,053,792	30,276	85,210	185,817	1,355,095
At 31 March 2019	1,004,969	39,346	51,437	126,200	1,221,952

8. Fixed Asset Investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2019 & at 31 March 2020	1

Holdings of more than 20%

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

Company	Country of registration or Incorporation	Shares held Class	%
Subsidiary Undertaking			
Inverclyde Leisure Trading Services Ltd.	Scotland	Ordinary	100.00

9. Stocks

	2020		2019	
	Group £	Company £	Group £	Company £
Materials & Consumables	14,178	5,850	13,176	5,531

10. Debtors

	2020		2019	
	Group	Company	Group	Company
	£	£	£	£
Trade Debtors	269,119	269,119	400,739	400,739
Amounts Owed by Subsidiary Undertakings	-	8,327	-	7,644
Prepayments and Accrued Income	94,698	94,698	156,972	156,972
Other Debtors	89,913	89,913	29,943	29,943
	<u>453,730</u>	<u>462,057</u>	<u>587,654</u>	<u>595,298</u>

11. Creditors: Amounts Falling Due Within One Year

	2020		2019	
	Group	Company	Group	Company
	£	£	£	£
Inverclyde Council Loan	43,222	43,222	41,896	41,896
Trade Creditors	800,464	800,464	106,746	106,746
Taxes and Social Security Costs	60,921	60,921	72,489	72,489
Other Creditors	225,040	225,040	437,950	437,950
Accruals	222,824	222,824	91,967	91,967
	<u>1,352,471</u>	<u>1,352,471</u>	<u>751,048</u>	<u>751,048</u>

Inverclyde Council hold a bond and floating charge over the whole assets of the company for any monies advanced or facilities granted by them.

Creditors: Amounts Falling Due Outwith One Year

	2020		2019	
	Group	Company	Group	Company
	£	£	£	£
Inverclyde Council Loan	<u>398,323</u>	<u>398,323</u>	<u>441,529</u>	<u>441,529</u>

12. Loans

	2020		2019	
	Group	Company	Group	Company
	£	£	£	£
Inverclyde Council Loans Comprise:				
Amounts Repayable Within Five Years	230,052	230,052	223,045	223,045
After More Than Five Years	211,493	211,493	260,380	260,380
	<u>441,545</u>	<u>441,545</u>	<u>483,425</u>	<u>483,425</u>
Included in Creditors –				
Amounts Falling Due Within One Year	<u>43,222</u>	<u>43,222</u>	<u>41,896</u>	<u>41,896</u>

13. Pension Costs

The company operates a defined benefit statutory pension scheme. The valuation of this scheme was updated at 31 March 2020.

The assets of the scheme are held separately from those of the company in an independently administered fund.

In September 2001 Inverclyde Council agreed to act as sponsors to Inverclyde Leisure's application for admission to the Strathclyde Pension Fund. By agreeing to act as sponsors, the Council are required to assume any contingent liability for non-funded costs of the pension fund relevant to Inverclyde Leisure should they cease to exist for any reason.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2020 by Hymans Robertson LLP. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key Assumptions:	2020	2019
	%	%
Discount rate	2.3	2.5
Expected rate of increase of pensions in payment	1.8	2.4
Expected rate of salary increases	<u>2.5</u>	<u>2.5</u>
Mortality Assumptions:	2020	2019
	Years	Years
Assumed life expectations on retirement at age 65:		
Current Pensioners		
- Males	20.7	21.4
- Females	<u>22.9</u>	<u>23.7</u>
Future Pensioners		
- Males	22.2	23.4
- Females	<u>24.6</u>	<u>25.8</u>
Amounts Recognised in the Profit & Loss Account:	2020	2019
	£	£
Current service cost	951,000	1,201,000
Net interest on defined benefit liability	<u>63,000</u>	<u>30,000</u>
Total costs	<u>1,014,000</u>	<u>1,231,000</u>
Amounts Taken to Other Comprehensive Income	2020	2019
	£	£
Actual return on scheme assets	(1,391,000)	(819,000)
Less: calculated interest element	<u>376,000</u>	<u>372,000</u>
Return on scheme assets excluding interest income	(1,015,000)	(447,000)
Actuarial changes related to obligations	<u>2,113,000</u>	<u>1,184,000</u>
Total loss / (gain)	<u>1,098,000</u>	<u>737,000</u>

13. Pension Costs (cont'd)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2020 £	2019 £
Present value of defined benefit obligations	16,291,000	17,075,000
Fair value of plan assets	<u>(14,638,000)</u>	<u>(14,833,000)</u>
	<u>1,653,000</u>	<u>2,242,000</u>

Movements in the present value of defined benefit obligations

	2020 £
Liabilities at 1 April 2019	17,075,000
Current service cost	951,000
Benefits paid	(211,000)
Contributions from scheme members	150,000
Actuarial gains and losses	(2,113,000)
Interest cost	439,000
	<u>16,291,000</u>
At 31 March 2020	<u>16,291,000</u>

The defined benefit obligations arise from plans funded as follows:

	2020 £
Wholly unfunded obligations	221,000
Wholly or partly funded obligations	<u>16,070,000</u>
	<u>16,291,000</u>

Movements in the fair value of plan assets

	2020 £
Fair value of assets at 1 April 2019	14,833,000
Interest income	376,000
Return on plan assets (excluding amounts included in net interest)	(1,015,000)
Benefits paid	(202,000)
Contributions by the employer	496,000
Contributions by scheme members	150,000
	<u>14,638,000</u>
At 31 March 2020	<u>14,638,000</u>

Fair value of plan assets at the reporting period end

	2020 £	2019 £
Equity instruments	9,075,560	9,493,120
Debt instruments	3,659,500	3,559,920
Property	1,756,560	1,483,300
Cash	<u>146,380</u>	<u>296,660</u>
	<u>14,638,000</u>	<u>14,833,000</u>

14. Share Capital

The company does not have share capital but is limited by guarantee. The liability of members is limited to £1 each. At 31 March 2020 the company had 9 members.

15. Analysis of Net Assets Between Funds – Group

	General Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	995,124	359,971	1,355,095
Current Assets	1,226,026	30,936	1,256,962
Liabilities	(1,750,794)	-	(1,750,794)
Pension Reserve	(1,653,000)	-	(1,653,000)
	<u>(1,182,644)</u>	<u>390,907</u>	<u>(791,737)</u>

Analysis of Net Assets Between Funds – Company

	General Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	995,125	359,971	1,355,096
Current Assets	1,226,025	30,396	1,256,961
Liabilities	(1,750,794)	-	(1,750,794)
Pension Reserve	(1,653,000)	-	(1,653,000)
	<u>(1,182,644)</u>	<u>390,907</u>	<u>(791,737)</u>

Analysis of Net Assets Between Funds – Group - Comparative

	General Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	801,986	419,966	1,221,952
Current Assets	996,089	33,926	1,030,015
Liabilities	(1,192,577)	-	(1,192,577)
Pension Reserve	(2,242,000)	-	(2,242,000)
	<u>(1,636,502)</u>	<u>453,892</u>	<u>(1,182,610)</u>

Analysis of Net Assets Between Funds – Company - Comparative

	General Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	801,987	419,966	1,221,953
Current Assets	996,088	33,926	1,030,014
Liabilities	(1,192,577)	-	(1,192,577)
Pension Reserve	(2,242,000)	-	(2,242,000)
	<u>(1,636,502)</u>	<u>453,892</u>	<u>(1,182,610)</u>

16. Movements in Funds – Group and Company

	Total Reserves £ 2020	Total Reserves £ 2019
Balance at 1 April 2019	(1,182,610)	282,869
Deficit for the year	(707,127)	(728,479)
Actuarial gain / (loss) on pension scheme	1,098,000	(737,000)
	<u>(791,737)</u>	<u>(1,182,610)</u>

16. Analysis of Reserves

	At 1 April 2019 £	Incoming Resources £	Transfers Between Funds £	Outgoing Resources £	At 31 March 2020 £
Restricted Funds					
Live Active Fund	-	50,000	19,127	(69,127)	-
Community Rehabilitation Fund	18,067	1,675	-	(1,675)	18,067
Ravenscraig Activity Centre	419,966	-	-	(59,995)	359,971
Vitality Fund	15,859	5,000	-	(7,990)	12,869
Total Restricted Funds	<u>453,892</u>	<u>56,675</u>	<u>19,127</u>	<u>(138,787)</u>	<u>390,907</u>
Unrestricted Funds					
General Funds	605,553	6,812,902	(19,127)	(6,937,496)	461,832
Designated Fund – Move More	(55)	37,232	-	(28,653)	8,524
Pension Provision	(2,242,000)	589,000	-	-	(1,653,000)
Total Unrestricted Funds	<u>(1,636,502)</u>	<u>7,439,134</u>	<u>(19,127)</u>	<u>(7,002,149)</u>	<u>(1,182,644)</u>
Total Funds	<u>(1,182,610)</u>	<u>7,495,809</u>	<u>-</u>	<u>(7,140,936)</u>	<u>(791,737)</u>

Analysis of Reserves – (Comparative)	At 1 April 2019 £	Incoming Resources £	Transfers Between Funds £	Outgoing Resources £	At 31 March 2020 £
Restricted Funds					
Live Active Fund	-	50,000	18,507	(68,507)	-
Community Rehabilitation Fund	18,067	1,675	-	(1,675)	18,067
Ravenscraig Activity Centre	479,961	-	-	(59,995)	419,966
Vitality Fund	14,699	4,625	-	(3,465)	15,859
Total Restricted Funds	<u>512,727</u>	<u>56,300</u>	<u>18,507</u>	<u>(133,642)</u>	<u>453,892</u>
Unrestricted Funds					
General Funds	551,204	6,802,041	(18,507)	(6,729,185)	605,553
Designated Fund – Move More	(6,062)	36,830	-	(30,823)	(55)
Pension Provision	(775,000)	-	-	(1,467,000)	(2,242,000)
Total Unrestricted Funds	<u>(229,858)</u>	<u>6,838,871</u>	<u>(18,507)</u>	<u>(8,227,008)</u>	<u>(1,636,502)</u>
Total Funds	<u>282,869</u>	<u>6,895,171</u>	<u>-</u>	<u>(8,360,650)</u>	<u>(1,182,610)</u>

Purposes of Restricted Funds

Live Active

This project is a referral scheme delivered in partnership with NHS Greater Glasgow and Clyde Health Board, allowing professionals to refer appropriate patients to an exercise and lifestyles intervention initiative.

Community Rehabilitation Fund

This service is delivered in partnership with NHS Greater Glasgow and Clyde. Inverclyde Leisure coaches work with NHS physiotherapists to deliver COPD rehabilitation classes in Inverclyde Leisure facilities and other community facilities. Funds are also used to enable Cardiac Rehabilitation classes to take place in the Waterfront Leisure Complex Fitness Gym.

Ravenscraig Activity Centre

This was a joint project with Inverclyde Council whereby Inverclyde Leisure received a contribution from Inverclyde Council to refurbish Ravenscraig Recreation Centre. The centre had been turned into a 100 station affordable fitness centre and opened a new Xheight climbing facility, Children's Soft Play area and Café.

Vitality Fund

The Vitality Fund is a programme of exercise classes which supports participants in exercising at a level suitable to their abilities. The classes are suitable for people with different physical abilities and medical conditions including stroke, heart conditions, Parkinson's Disease, multiple sclerosis, osteoporosis and breathing difficulties. The classes are designed to help participants carry out daily activities more easily and hopefully make daily life more manageable.

Purpose of Designated Fund

Move More

Move More is delivered in partnership with the MacMillan organisation. This programme is aimed at those living with a cancer diagnosis and gives them opportunity to participate in cancer specific physical activity and wellbeing activities. These include Phase 4 cancer rehab classes, gentle movement and relaxation classes and walking.

Clients are supported for up to a year by the Move More Co-ordinator employed by Inverclyde Leisure.

17. Financial Commitments

At 31 March 2020 the company was committed to making the following payments under non-cancellable operating leases:

	2020	2019
	£	£
Within 1 year	12,000	12,000
Within 2-5 years	48,000	48,000
Over 5 years	324,000	336,000

This relates to a lease which expires in 2052.

18. Trustees' Emoluments

During the year, one trustee that served during the year received emoluments (including ER NIC and Pension Contributions) from the charitable company. Andrew Hetherington received remuneration of £51,654 and reimbursed expenses of £235 during his time as a trustee. Remuneration includes Gross Salary, Benefits, Employer's Pension contribution and Employer NIC costs. Further details on the process around trustee remuneration is included in the Trustees' Report.

19. Control

The company is controlled by the trustees, who are also the directors for the purposes of Company Law.

20. Related Party Transactions

Inverclyde Council made a contribution of £1,101,520 (2019 - £1,258,520) to the Company by payment of a management fee.

The Company occupied facilities and paid leasing charges and rental to Inverclyde Council of £12,000 (2019 - £12,000). In addition, the Council provided financial and administrative support to the Company and its subsidiary at a cost of £11,000 (2019 - £11,000) to the Company.

During the year the company paid two employees who are related to the Key Management Personnel as follows:

Margaret Kincaid	£14,513
Carly Vango	£6,703

The above figures include Gross Salary, Pension Contributions and Employers NIC costs.

21. Taxation

As a charity, Inverclyde Leisure is exempt from tax on income and gains falling within section 1177 of the Corporation Taxes Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charge has arisen in the Charity.

22. Key Management Personnel

The members of staff identified as Key Management Personnel received remuneration from the Charitable Company totalling £305,457 (2019 - £247,458). This figure includes Gross Salary, Benefits, Employers Pension Contribution and Employer NIC costs.

23. Reconciliation of Net (Expenditure) / Income to Net Cash Flow from Operating Activities - Group

	2020	2019
	£	£
Net (expenditure) / income for the reporting period (as per the Statement of financial activities)	(707,127)	(728,479)
Adjustments for:		
Depreciation charges	321,371	294,196
(Increase) / Decrease in stock	(1,002)	6,129
Decrease / (Increase) in debtors	133,924	(172,190)
Increase / (Decrease) in creditors within one year	601,423	(527,792)
Finance cost of defined benefit pension	509,000	730,000
Gain on sale of tangible fixed asset	-	-
	<u>857,589</u>	<u>(398,136)</u>

23. Reconciliation of Net Expenditure to Net Cash Flow provided by / (used in) Operating Activities - Charity

	2020	2019
	£	£
Net (expenditure) / income for the reporting period (as per the Statement of financial activities)	(707,127)	(728,479)
Adjustments for:		
Depreciation charges	321,371	294,196
(Increase) / Decrease in stock	(319)	1,090
Decrease / (Increase) in debtors	133,241	(167,151)
Increase / (Decrease) in creditors within one year	601,423	(527,792)
Finance cost of defined benefit pension	509,000	730,000
Gain on sale of tangible fixed asset	-	-
	<u>857,589</u>	<u>(398,136)</u>

24. Employees

The average monthly number of persons employed by the charitable company during the year was 286 (2019 – 288).

25. Analysis of Salary Costs

	2020	2019
	£	£
Gross Wages	3,467,683	3,322,495
Employers NIC	209,504	210,689
Employers Pension Contributions	466,343	441,429
	<u>4,143,530</u>	<u>3,774,613</u>

Staff costs include the following number of employees who received remuneration in excess of £60,000:

	2020	2019
£60,001 to £70,000	1	1
£90,001 to £100,000	1	1