

**INVERCLYDE LEISURE**  
**TRUSTEES REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2021**

**Scottish Charity No. SC032161**

**Company Registration No. SC223197 (Scotland)**

**INVERCLYDE LEISURE**

**COMPANY INFORMATION**

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**SECRETARY**

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**COMPANY NUMBER**

SC223197

**CHARITY NUMBER**

SC032161

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# INVERCLYDE LEISURE

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**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2021**

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 2021 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 2021 (Cont'd)****Achievements and performance**

This year was again dominated by the effects of the COVID-19 pandemic on the company. Inverclyde Leisure worked extremely closely in partnership with Inverclyde Council during the year who provided additional funding to allow the company to reopen facilities. Without this funding the company would not have survived, and we are extremely grateful for the Council's support and commitment to Inverclyde Leisure during this challenging time.

During the year, the company continued to deliver our mission to provide great experiences and fun activities for our customers as well as our vision to be the best in the eyes of our customers, employees, and our stakeholders. This can be seen below and demonstrates the commitment from employees to deliver the company's values.

The Board of Directors have guided initiatives and strategies in the year providing advice and support through Board meetings, many of these being remotely hosted.

Corporately we adjusted our strategy part way through the year which resulted in rewriting the strategic plan to help guide Inverclyde Leisure through the pandemic. The focus of the first year of the plan has been to drive the company's recovery. This included seven high level corporate aims: -

- 1 To win loyal customers (win hearts and minds)
- 2 To leverage technology
- 3 To consolidate and reduce expenditure
- 4 To utilise dynamic employee scheduling
- 5 To continuously review programs
- 6 To be creative and searching for ways to be innovative
- 7 To seek ways to grow as the environment becomes more stable

Human Resources became a primary focus at the beginning of the year with most employees being furloughed and all the work around making that happen. This left a skeleton team maintaining buildings and consulting with our employees.

The company communicated to employees regularly to update on what was happening in the business and any progress that was being made. During this time, we also created a temporary structure to help manage the changes created by the pandemic.

To ensure we were operating as efficiently as possible we developed new systems around scheduling of employees and the programming of activities. In the year we also had a TUPE transfer of employees from Whinhill Golf Course and reviewed our occupational health provider.

Marketing was also a key component during the year with weekly touch points with our marketing partner initially to keep our brand identity prominent focusing on the community.

As we began to emerge from the first lockdown our marketing focus shifted towards a safe return of our customers to activities with a good video presence digitally. During the year we carried out various marketing promotions. These included 'It Is A New World Be A New You', 'It's Time To Get You Back' and various customer communication through our CRM system.

The company also centralised customer membership enquires to simply customer requests and to have a single point of contact when not all facilities and services were operating.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2021 (Cont'd)**

One of the bigger projects delivered in the year was the launch of Inverclyde Leisure's new website that balances video content, general information, customer enquiries and member sign up. The new website has improved Inverclyde Leisure's digital presence immensely.

The employees that remained working needed to be resourced to work from home so one of the first things we did from an IT perspective was purchase laptops to ensure continuity and regular communication through Microsoft teams. Many of IL's systems are cloud based so this helped with the transition to working remotely.

During the year we reviewed and upgraded the EFM system at the Waterfront and reviewed internet speeds to create an improvement plan.

One of the bigger initiatives driven by IT was creating all activities onto the IL App to manage capacity and comply with test and trace protocols.

The company was also successful in passing all criteria to achieve cyber security accreditation and updated our safe disposal of IT equipment certification. Live streams became dominant in the year and IT created an infrastructure for classes to be taken online.

As employees returned all reception phones and computers needed to be Covid safe so an IT review was conducted in line with our pandemic procedures.

Facilities during the year still needed to be maintained and secure so throughout lockdown employees ensured preventive and reactive maintenance was being done in line with schedules and buildings were secure.

A great deal of work was carried out in opening facilities and the company created a phasing plan after the first lockdown to ensure facilities were safe to open including redesigning all customer flows and recommissioning facilities for customer.

IL also audited all ventilation and air conditioning systems changing filters, belts and increasing air turnover periodically monitoring with a new CO<sub>2</sub> meter. During the period we continued to work in partnership with Inverclyde Council to discuss capital maintenance and lifecycle investment initiatives.

Business development was an important part of IL's recovery strategy. With the development of products and services during lockdown. This included the development of the new Strength Shed, the launch of Whinhill Golf Course, work on the new tennis centre, planning for future refurbishments and a complete review of membership processes.

One of the main priorities in the year was to develop a strategy to rebuild our customer base. A plan was created that was nimble enough to be adjusted depending on the environment we were operating in, but robust in its outcomes. This included extensive marketing and good customer communication via automation through the CRM system and the continual review of membership numbers and usage patterns.

Customer services continued to be an integral part of IL's business even during periods of closure. We continued to engage with our customers providing online classes, regular updates, and challenges.

National benchmarking also produced another good customer service performance indicator for Inverclyde Leisure as our facilities were ranked 1<sup>st</sup> in mainland Scotland and 3<sup>rd</sup> overall, with 80% of residents being satisfied with local leisure facilities.

Quality Management and Health and Safety played a significant role in guiding the company procedurally throughout the pandemic. This included a review of QMS policies and procedures to ensure they continued to be relevant. A continual review of our pandemic procedures in line with industry, governing bodies and Government policies and reviewing our health and safety management systems across the company. To ensure these policies and procedures were being embedded we trained employees through a new e-learning portal and re-inducted employees after returning from furlough.

The team that continued working through the pandemic to keep buildings maintained, dealing with customer enquiries, working with civil contingencies and looking after employees were absolutely great and their commitment and flexibility was inspiring.

The team created employee and customer journeys to build a safe environment for all, this included reviewing every facility and redesign layouts, equipment and ensuring all the necessary safety measures were in place.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2021 (Cont'd)**

The health and wellbeing team also continued working remotely throughout the pandemic supporting the most vulnerable in the community by offering phone and online advice to the Live Active clients and working with Macmillan Cancer Support to secure funding to extend the program into next year.

The operations team in the town halls continued to work throughout the pandemic helping the Council with civil contingencies.

The town halls were pivotal in supporting a multi-agency approach that created many great initiatives. This included in the early stages of the pandemic supporting the Council distributing food and drink parcels with several IL staff volunteering to distribute the food bags to help.

Shortly after this initial phase Greenock town hall became a hub for other items to help families and residents on the shielding list distributing toiletries and groceries.

The town halls then went on to help support the HSCP and local GPs in accommodating flu vaccines. This then led on to the rollout of the COVID-19 vaccine at the town halls as mass vaccination centres.

Throughout the pandemic the town halls continued to support community bookings such as the blood transfusions service, the registration service for civil ceremonies at the marriage suit and rearranging various booking from weddings to big events.

Community centres also played their role in the pandemic with IL donating Crawfordsburn to Belville Gardens to enable them to deliver food and equipment to the community, the centre then becoming a COVID-19 testing facility. The Community centres at Auchmountain, KNCC and Gourock community centre also became food distribution centres during the year.

Parks and pitches had more usage during the year than indoor leisure facilities restricted bookings started in July through to late December in this time many teams trained and enjoyed these excellent facilities.

Indoor leisure facilities opened in a phased manner with the Waterfront in August for individual sessions in the gym and the training pool following Scottish Swimming guidance and then as restrictions eased classes and personal training were reintroduced. In all the indoor leisure facilities a huge amount of work was done to ensure layout of equipment was appropriately spaced and the necessary safety measures were introduced.

Gourock pool opened for an unusual season from September to the end of October funded by Inverclyde Council. The season was extremely popular with users desperate to swim after the first lockdown ended. The gym at the centre continued to remain open through to the end of December when the centre was closed for the second lockdown.

Also funded by Inverclyde Council, Port Glasgow pool opened in October the focus of the centre in the brief time it was open was to stabilise swimming lessons and create a safe environment for users of the gym and pool.

Dry side leisure facilities were temporally remodeled with Greenock Sports Centre becoming a hub for group exercise and providing services for West College Scotland. The pandemic also gave us an opportunity to remodel CrossFit at the centre into a strength and conditioning gym with the excess equipment from the other fitness facilities.

Ravenscraig Boglestone and Birkmyre opened initially with gym access as soft play and climbing were unable to open. All the equipment was spread out throughout the facilities to ensure customers could train keeping socially distanced.

Lady Octavia opened its pitches and fitness in October as part of the IL phased opening plan and introduced outdoor classes to utilise the pitches and to offer customers classes when restriction would not allow them to take place indoors.

Whinhill Golf Centre opened in April the first Leisure facility to open. The golf course grew rapidly in popularity throughout the year with a record number of Direct Debts being collected.

IL also invested in a new web-based booking system and launched the facility with a big marketing campaign, this attracted around 300 members to join and created good pay and play usage in the year.

Financially, it was a challenging year full of uncertainty with an unprecedented effect on the business having lost most of our income. In this time IL applied for any available external funding including the furlough scheme, Scottish Government strategic framework fund and local business grants.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2021 (Cont'd)**

The team also reduced expenditure where they could by negotiating with suppliers and not carrying out work which was not essential. Employee costs were continually monitored to ensure there the company was not carrying any additional costs.

The team also managed to implement a new financial system and move to tax digital in the year.

Working with Inverclyde Council we obtained a letter of comfort for the auditors and agreed a funding package to help the company recover. Inverclyde Council were extremely supportive during this difficult time and the company is extremely grateful.

IL has some exciting projects planned next year including the tennis centre in partnership with Inverclyde Council, Sport Scotland, Tennis Scotland and the Lawn Tennis Association. A new employee recognition scheme, a corporate review of children's parties, the development of the Net Promoter Score at more facilities, a new cloud-based document control system for H&S and QMS, an extension of the Move More program and funding agreed for Live Active and Vitality services amongst many other existing developments.

Lastly, our prime objective is the recovery of the company which is an objective that has everyone's total focus over the next two years.

We are immensely proud of our achievements in the year, a year where challenges were relentless.

A special thank you goes to our employees for their understanding during this difficult time of uncertainty while on furlough and for those that were operational, your support, dedication, and flexibility will not be forgotten. Lastly, we would like to thank the Board and Inverclyde Council for their support and guidance through the pandemic.

The future is looking positive, and the pandemic has given the company a great opportunity to focus and rebuild our services to be better than ever before.

**Financial Review**

COVID-19 continued to have a significant impact on the financial results of the company with Inverclyde Leisure recording an operating deficit of £296,311. Inverclyde Leisure required funding from our partners at Inverclyde Council to maintain a suitable level of unrestricted reserves. The total value of additional funding was £1,376,000 with Inverclyde Leisure contributing approximately £296,000.

After adjusting for pension costs and actuarial loss on pension fund, Inverclyde Leisure reported total deficit of £2,152,311.

Inverclyde Leisure are reporting total funds of the charity of (£2,944,048).

**Trading Subsidiary Performance**

The trading had a challenging year due to the impact of Covid19 and reported a loss of £13,410 which has been transferred to the charity account. 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 £309,288. The majority of the balance, £299,976, 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 2021 (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 2020/2021 was 18.8% up on the previous year due to the Covid pandemic leading to a loss of income (16.5% 2019/20). In 2020/21 £85,239 (2019/20 £93,907) 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 has needed to dip under it due to forced closures closure 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 2023 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 £255,664 at 31 March 2021 compared to £470,356 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 2020/21 actuarial report shows a £3,509,000 pension liability as at 31 March 2021 (£1,653,000 2019/20).

The increase in the liability relates to an actuarial loss.

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 2021 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 2021 (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 Charity has 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 28<sup>th</sup> July 2020, Inverclyde Council agreed ongoing financial support for Inverclyde Leisure during the 2020/2021 financial year and, to date funding of £1,376,000 has been received. As agreed Inverclyde Leisure submitted its revised three year business plan for the years 2021/2023 to the Council and recovery funding has been approved.

**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 2021 (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 2021 (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 2021 (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 31<sup>st</sup> 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 Kilmacolm 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 2021 (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 31<sup>st</sup> 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 26<sup>th</sup> 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 a date to reopen gyms and other leisure facilities and as with the phased opening during 31<sup>st</sup> August 2020 to 26<sup>th</sup> 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 income and application of 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 2021 (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  
L. Quinn  
E. Cameron (appointed 27<sup>th</sup> July 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 Charity.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2021 (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 charitable 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 charitable 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 Charity – 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 Charity, 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 Charity's Solicitors.

**Organisation Structure**

A Scheme of Delegation is in place and responsibility for the day to day operation of the Charity 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 Charity. The Charity provides the services as defined in the Agreement in return for the payment by the Council to the Charity 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 2021 (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

27<sup>th</sup> September 2021

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF INVERCLYDE LEISURE****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 2021 which comprise Consolidated Income and Expenditure Account, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Charity Statement of Financial Activities, Consolidated and Parent Charity Balance Sheets, Consolidated and Parent Charity 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 2021 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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF INVERCLYDE LEISURE**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect to irregularities, including fraud and non-compliance with laws & regulations, we considered the following:

- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the Charitable Company's policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations.
  - Whether they were aware of any instances of non-compliance.
- As with all audits performed under ISAs (UK), performance of procedures to respond to the risk of the management override of controls.
- We obtained an understanding of the legal and regulatory frameworks in which the Charitable Company operates, focussing on those laws which had a direct effect on the material balances and disclosures in the Charitable Company's financial statements. Key laws & regulations considered in this context were:
  - Companies Act 2006
  - The Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102)
  - Charities Accounts (Scotland) Regulations 2006

In addition, we considered other laws & regulations that do not have a direct effect on the financial statements, but compliance is necessary for the continued operations of the Charitable Company, or to avoid a material penalty.

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures, and testing to supporting documentation.
- Enquiring of management concerning any actual or potential litigation or claims.
- Reviewing minutes of meetings of those charged with governance, and correspondence with HMRC and OSCR.
- In the assessment of the risk of fraud through management override of controls, we have tested the appropriateness of journal entries, assessed whether the judgements made in the Charitable Company making accounting estimates are indicative of a potential management bias, and evaluated the business rationale of any significant transactions that are outside the normal course of business.

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.

**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 Charitable Company's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



**Craig Lindsay (Senior Statutory Auditor)**  
For and on behalf of Welsh Walker Ltd  
Chartered Accountants  
Statutory Auditor

**Date: 27<sup>th</sup> September 2021**

**179A Dalrymple Street  
Greenock  
PA15 1BX**

## CONSOLIDATED INCOME &amp; EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

|                                              | Notes    | 2021<br>£                 | 2020<br>£                 |
|----------------------------------------------|----------|---------------------------|---------------------------|
| Income                                       |          | 2,168,639                 | 6,806,486                 |
| Cost of sales                                |          | <u>( 3,956,246 )</u>      | <u>( 4,561,187 )</u>      |
| <b>Gross (Deficit) / Surplus</b>             |          | <b>( 1,785,607 )</b>      | <b>2,245,299</b>          |
| Administrative expenses                      |          | ( 1,644,220 )             | ( 2,529,346 )             |
| Other operating income                       |          | <u>3,145,642</u>          | <u>93,907</u>             |
| <b>Operating Deficit</b>                     | <b>5</b> | <b>( 284,185 )</b>        | <b>( 190,140 )</b>        |
| Other interest receivable and similar income |          | 951                       | 6,416                     |
| Interest payable and similar charges         |          | <u>( 13,077 )</u>         | <u>( 14,403 )</u>         |
| <b>Operating Deficit after interest</b>      |          | <b>( 296,311 )</b>        | <b>( 198,127 )</b>        |
| Other finance costs                          |          | <u>( 412,000 )</u>        | <u>( 509,000 )</u>        |
| <b>Deficit for the financial year</b>        |          | <b><u>( 708,311 )</u></b> | <b><u>( 707,127 )</u></b> |
| Where of:                                    |          |                           |                           |
| Inverclyde Leisure                           |          | ( 708,311 )               | ( 901,225 )               |
| Inverclyde Leisure Trading Services Ltd      |          | <u>-</u>                  | <u>194,098</u>            |
|                                              |          | <u><b>( 708,311 )</b></u> | <u><b>( 707,127 )</b></u> |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

|                                                                | Notes | 2021<br>£            | 2020<br>£        |
|----------------------------------------------------------------|-------|----------------------|------------------|
| <b>Deficit for the financial year</b>                          |       | ( 708,311 )          | ( 707,127 )      |
| Actuarial (loss) / gain on pension scheme                      | 13    | <u>( 1,444,000 )</u> | <u>1,098,000</u> |
| <b>Total losses recognised since last financial statements</b> |       | <u>( 2,152,311 )</u> | <u>390,873</u>   |

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2021

|                                                     | Notes | 2021<br>Unrestricted<br>Funds<br>£ | 2021<br>Restricted<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|-----------------------------------------------------|-------|------------------------------------|----------------------------------|-----------------------------|
| <b>Incoming resources from:</b>                     |       |                                    |                                  |                             |
| Grants                                              |       | 3,089,229                          | 56,413                           | 3,145,642                   |
| Charitable activities                               |       | 1,149,514                          | -                                | 1,149,514                   |
| Other trading activities                            |       | 18,409                             | -                                | 18,409                      |
| Other                                               | 3     | 1,001,667                          | -                                | 1,001,667                   |
| <b>Total</b>                                        |       | <u>5,258,819</u>                   | <u>56,413</u>                    | <u>5,315,232</u>            |
| <b>Expenditure on:</b>                              |       |                                    |                                  |                             |
| Raising funds                                       | 4(a)  | 31,819                             | -                                | 31,819                      |
| Charitable activities                               | 4(b)  | 5,840,758                          | 150,966                          | 5,991,724                   |
| <b>Total</b>                                        |       | <u>5,872,577</u>                   | <u>150,966</u>                   | <u>6,023,543</u>            |
| <b>Net expenditure</b>                              |       | ( 613,758 )                        | ( 94,553 )                       | ( 708,311 )                 |
| <b>Transfers between funds</b>                      |       | ( 12,934 )                         | 12,934                           | -                           |
| <b>Other recognised losses:</b>                     |       |                                    |                                  |                             |
| Actuarial losses on defined benefit pension schemes |       | <u>( 1,444,000 )</u>               | <u>-</u>                         | <u>( 1,444,000 )</u>        |
| <b>Net movement in funds</b>                        |       | <u>( 2,070,692 )</u>               | <u>( 81,619 )</u>                | <u>( 2,152,311 )</u>        |
| <b>Reconciliation of funds</b>                      |       |                                    |                                  |                             |
| Total funds brought forward                         |       | <u>( 1,182,644 )</u>               | <u>390,907</u>                   | <u>( 791,737 )</u>          |
| <b>Total funds carried forward</b>                  |       | <u>( 3,253,336 )</u>               | <u>309,288</u>                   | <u>( 2,944,048 )</u>        |

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2021

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



## CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2021

|                                                     | Notes | 2021<br>Unrestricted<br>Funds<br>£ | 2021<br>Restricted<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|-----------------------------------------------------|-------|------------------------------------|----------------------------------|-----------------------------|
| <b>Incoming resources from:</b>                     |       |                                    |                                  |                             |
| Grants                                              |       | 3,089,229                          | 56,413                           | 3,145,642                   |
| Charitable activities                               |       | 1,149,514                          | -                                | 1,149,514                   |
| Other                                               | 3     | 1,001,667                          | -                                | 1,001,667                   |
| <b>Total</b>                                        |       | <u>5,240,410</u>                   | <u>56,413</u>                    | <u>5,296,823</u>            |
| <b>Expenditure on:</b>                              |       |                                    |                                  |                             |
| Charitable activities                               | 4(b)  | 5,854,168                          | 150,966                          | 6,005,134                   |
| <b>Total</b>                                        |       | <u>5,854,168</u>                   | <u>150,966</u>                   | <u>6,005,134</u>            |
| <b>Net expenditure</b>                              |       | ( 613,758 )                        | ( 94,553 )                       | ( 708,311 )                 |
| <b>Transfers between funds</b>                      |       | ( 12,934 )                         | 12,934                           | -                           |
| <b>Other recognised losses:</b>                     |       |                                    |                                  |                             |
| Actuarial losses on defined benefit pension schemes |       | ( 1,444,000 )                      | -                                | ( 1,444,000 )               |
| <b>Net movement in funds</b>                        |       | <u>( 2,070,692 )</u>               | <u>( 81,619 )</u>                | <u>( 2,152,311 )</u>        |
| <b>Reconciliation of funds</b>                      |       |                                    |                                  |                             |
| Total funds brought forward                         |       | ( 1,182,644 )                      | 390,907                          | ( 791,737 )                 |
| <b>Total funds carried forward</b>                  |       | <u>( 3,253,336 )</u>               | <u>309,288</u>                   | <u>( 2,944,048 )</u>        |

## CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2021

## COMPARATIVE YEAR

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

## CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2021

|                                                               | Notes | 2021<br>£            | 2020<br>£            |
|---------------------------------------------------------------|-------|----------------------|----------------------|
| <b>Fixed assets</b>                                           |       |                      |                      |
| Tangible assets                                               | 7     | 1,125,429            | 1,355,095            |
| <b>Current assets</b>                                         |       |                      |                      |
| Stocks                                                        | 9     | 8,348                | 14,178               |
| Debtors                                                       | 10    | 516,679              | 453,730              |
| Cash at bank and in hand                                      |       | <u>509,569</u>       | <u>789,054</u>       |
|                                                               |       | 1,034,596            | 1,256,962            |
| <b>Creditors: amounts falling due within one year</b>         | 11    | <u>( 1,241,315 )</u> | <u>( 1,352,471 )</u> |
| <b>Net current liabilities</b>                                |       | <u>( 206,719 )</u>   | <u>( 95,509 )</u>    |
| <b>Total assets less current liabilities</b>                  |       | 918,710              | 1,259,586            |
| <b>Creditors: amount falling due after more than one year</b> | 11    | <u>( 353,758 )</u>   | <u>( 398,323 )</u>   |
| <b>Net assets excluding pension liability</b>                 |       | 564,952              | 861,263              |
| <b>Pension scheme liability</b>                               | 13    | <u>( 3,509,000 )</u> | <u>( 1,653,000 )</u> |
| <b>Net assets including pension liability</b>                 |       | <u>( 2,944,048 )</u> | <u>( 791,737 )</u>   |
| <b>The Funds of the Charity:</b>                              |       |                      |                      |
| Unrestricted income funds excluding pension liability         | 16    | 255,664              | 470,356              |
| Restricted funds                                              | 16    | 309,288              | 390,907              |
| Pension provision                                             | 16    | <u>( 3,509,000 )</u> | <u>( 1,653,000 )</u> |
| <b>Total funds of the charity</b>                             |       | <u>( 2,944,048 )</u> | <u>( 791,737 )</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: 27<sup>th</sup> September 2021

Company Registration No. SC223197

## CHARITABLE COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2021

|                                                               | Notes | 2021<br>£            | 2020<br>£            |
|---------------------------------------------------------------|-------|----------------------|----------------------|
| <b>Fixed assets</b>                                           |       |                      |                      |
| Tangible assets                                               | 7     | 1,125,429            | 1,355,095            |
| Investments                                                   |       | <u>1</u>             | <u>1</u>             |
|                                                               |       | 1,125,430            | 1,355,096            |
| <b>Current assets</b>                                         |       |                      |                      |
| Stocks                                                        | 9     | 5,385                | 5,850                |
| Debtors                                                       | 10    | 519,641              | 462,057              |
| Cash at bank and in hand                                      |       | <u>509,569</u>       | <u>789,054</u>       |
|                                                               |       | 1,034,595            | 1,256,961            |
| <b>Creditors: amounts falling due within one year</b>         | 11    | <u>( 1,241,315 )</u> | <u>( 1,352,471 )</u> |
| <b>Net current assets</b>                                     |       | <u>( 206,720 )</u>   | <u>( 95,510 )</u>    |
| <b>Total assets less current liabilities</b>                  |       | 918,710              | 1,259,586            |
| <b>Creditors: amount falling due after more than one year</b> | 11    | <u>( 353,758 )</u>   | <u>( 398,323 )</u>   |
| <b>Net assets excluding pension liability</b>                 |       | 564,952              | 861,263              |
| <b>Pension scheme liability</b>                               | 13    | <u>( 3,509,000 )</u> | <u>( 1,653,000 )</u> |
| <b>Net assets including pension liability</b>                 |       | <u>( 2,944,048 )</u> | <u>( 791,737 )</u>   |
| <b>The Funds of the Charity:</b>                              |       |                      |                      |
| Unrestricted income funds excluding pension liability         | 16    | 255,664              | 470,356              |
| Restricted funds                                              | 16    | 309,288              | 390,907              |
| Pension provision                                             | 16    | <u>( 3,509,000 )</u> | <u>( 1,653,000 )</u> |
| <b>Total funds of the charity</b>                             |       | <u>( 2,944,048 )</u> | <u>( 791,737 )</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: 27<sup>th</sup> September 2021

Company Registration No. SC223197

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

|                                                                           | Notes     | £                 | 2021 | £                 | £                 | 2020 | £                 |
|---------------------------------------------------------------------------|-----------|-------------------|------|-------------------|-------------------|------|-------------------|
| <b>Cash flows from operating activities</b>                               |           |                   |      |                   |                   |      |                   |
| <b>Net cash (used in) / provided by Operating activities</b>              | <b>23</b> |                   |      | ( 130,959 )       |                   |      | 857,589           |
| <b>Cash flow from investing activities</b>                                |           |                   |      |                   |                   |      |                   |
| Purchase of property, plant and equipment                                 |           | ( 103,961 )       |      |                   | ( 454,514 )       |      |                   |
| Proceeds from disposal of tangible fixed assets                           |           | <u>-</u>          |      |                   | <u>-</u>          |      |                   |
| <b>Net cash used in investing activities</b>                              |           |                   |      | ( 103,961 )       |                   |      | ( 454,514 )       |
| <b>Cash flows from financing activities</b>                               |           |                   |      |                   |                   |      |                   |
| Repayments of borrowing                                                   |           | <u>( 44,565 )</u> |      |                   | <u>( 43,206 )</u> |      |                   |
| <b>Net cash used in financing activities</b>                              |           |                   |      | <u>( 44,565 )</u> |                   |      | <u>( 43,206 )</u> |
| <b>Net change in cash and cash equivalents in the reporting period</b>    |           |                   |      | ( 279,485 )       |                   |      | 359,869           |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |           |                   |      | <u>789,054</u>    |                   |      | <u>429,185</u>    |
| <b>Cash and cash equivalents at the end of the reporting period</b>       |           |                   |      | <u>509,569</u>    |                   |      | <u>789,054</u>    |

## CHARITABLE COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

|                                                                           | Notes     | £                 | 2021 | £                 | £                 | 2020 | £                 |
|---------------------------------------------------------------------------|-----------|-------------------|------|-------------------|-------------------|------|-------------------|
| <b>Cash flows from operating activities</b>                               |           |                   |      |                   |                   |      |                   |
| <b>Net cash (used in) / provided by Operating activities</b>              | <b>23</b> |                   |      | ( 130,959 )       |                   |      | 857,589           |
| <b>Cash flow from investing activities</b>                                |           |                   |      |                   |                   |      |                   |
| Purchase of property, plant and equipment                                 |           | ( 103,961 )       |      |                   | ( 454,514 )       |      |                   |
| Proceeds from disposal of tangible fixed assets                           |           | <u>-</u>          |      |                   | <u>-</u>          |      |                   |
| <b>Net cash used in investing activities</b>                              |           |                   |      | ( 103,961 )       |                   |      | ( 454,514 )       |
| <b>Cash flows from financing activities</b>                               |           |                   |      |                   |                   |      |                   |
| Repayments of borrowing                                                   |           | <u>( 44,565 )</u> |      |                   | <u>( 43,206 )</u> |      |                   |
| <b>Net cash used in financing activities</b>                              |           |                   |      | <u>( 44,565 )</u> |                   |      | <u>( 43,206 )</u> |
| <b>Net change in cash and cash equivalents in the reporting period</b>    |           |                   |      | ( 279,485 )       |                   |      | 359,869           |
| <b>Cash and cash equivalents at the beginning of the reporting period</b> |           |                   |      | <u>789,054</u>    |                   |      | <u>429,185</u>    |
| <b>Cash and cash equivalents at the end of the reporting period</b>       |           |                   |      | <u>509,569</u>    |                   |      | <u>789,054</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) 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 charity. 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 funding agreement with Inverclyde Council that has been agreed to March 2023.

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 2021 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.

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.

### **1.4 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.

## **1. Accounting Policies (cont'd)**

### **1.4 Income (cont'd)**

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. This takes the form of monthly subscriptions and pay as you go.
- 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.
- Management Fee – this is recognised on receipt of the funds. This is an amount agreed with Inverclyde Council for the provision of the leisure services.

### **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 Charity's work or for specific projects being undertaken by the Charity. Designated funds are money set aside by the charity for a specific project.

### **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.
- Expenditure on raising funds includes the costs of trading in the subsidiary company.
- 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. As the Charity has one main purpose, of providing leisure facilities, all of the support costs are allocated to that one purpose.

### **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.

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.

1.16 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.

1.17 Financial Instruments

The charity 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 charity 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.

1.18 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). Further information on the scheme can be found in note 13 to the accounts.

**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.

**1.20 Trading Subsidiary**

The charitable group contains a trading subsidiary, Inverclyde Leisure Trading Services Ltd. This subsidiary generates income for the parent charity via the profits they generate through the merchandise, vending stocks and coffee shops that are operated in the centres run by the parent charity. The subsidiary pays up their profits to the parent charity as a distribution of their profit.

In the year to 31 March 2021 the subsidiary made a loss of £13,410 due to the closures during the year. This compares to the profit of £194,098 that was generated in the year to 31 March 2020.

**2. Judgements and Key Sources of Estimation Uncertainty**

In the application of the charity'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 probable 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

|                        | 2021<br>Unrestricted<br>Funds<br>£ | 2021<br>Restricted<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|
| Management Fee         | 1,000,716                          | -                                | 1,000,716                   |
| Bank Interest Received | 951                                | -                                | 951                         |
|                        | <u>1,001,667</u>                   | <u>-</u>                         | <u>1,001,667</u>            |

Other Income – Group (Comparative)

|                        | 2020<br>Unrestricted<br>Funds<br>£ | 2020<br>Restricted<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|
| 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 – Charity

|                                                                             | 2021<br>Unrestricted<br>Funds<br>£ | 2021<br>Restricted<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|-----------------------------------------------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Management Fee                                                              | 1,000,716                          | -                                | 1,000,716                   |
| Bank Interest Received                                                      | 951                                | -                                | 951                         |
| Gift Aid Distribution received from Inverclyde Leisure Trading Services Ltd | -                                  | -                                | -                           |
|                                                                             | <u>1,001,667</u>                   | <u>-</u>                         | <u>1,001,667</u>            |

Other Income – Charity (Comparative)

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

4a. Expenditure on Raising Funds

|                        | 2021<br>Unrestricted<br>Funds<br>£ | 2021<br>Restricted<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|
| Waterfront Café        | 1,226                              | -                                | 1,226                       |
| Ravenscraig Café       | 333                                | -                                | 333                         |
| Boglestone Café        | 433                                | -                                | 433                         |
| Whinhill Golf Club     | 3,541                              | -                                | 3,541                       |
| Other goods for Resale | 10,107                             | -                                | 10,107                      |
| Repair Costs           | 9,793                              | -                                | 9,793                       |
| Other Costs            | 6,386                              | -                                | 6,386                       |
|                        | <u>31,819</u>                      | <u>-</u>                         | <u>31,819</u>               |

Expenditure on Raising Funds - (Comparative)

|                        | 2020<br>Unrestricted<br>Funds<br>£ | 2020<br>Restricted<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|
| Waterfront Café        | 58,304                             | -                                | 58,304                      |
| Ravenscraig Café       | 49,923                             | -                                | 49,923                      |
| Other goods for Resale | 24,721                             | -                                | 24,721                      |
| Employment Costs       | 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>              |

4b. Expenditure on Charitable Activities

|                                      | 2021<br>Unrestricted<br>Funds<br>£ | 2021<br>Restricted<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|--------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Pool and Material Costs              | 6,226                              | -                                | 6,226                       |
| Employment Costs                     | 3,738,536                          | 90,879                           | 3,829,415                   |
| Operating Leases                     | 102,965                            | -                                | 102,965                     |
| Property Costs                       | 801,358                            | -                                | 801,358                     |
| Staff Related Costs                  | 4,041                              | -                                | 4,041                       |
| Office Costs                         | 193,043                            | -                                | 193,043                     |
| Finance Costs                        | 126,654                            | -                                | 126,654                     |
| Depreciation                         | 273,632                            | 59,995                           | 333,627                     |
| Irrecoverable VAT                    | 105,990                            | -                                | 105,990                     |
| Special Events                       | -                                  | -                                | -                           |
| Other Costs                          | 48,463                             | 92                               | 48,555                      |
| Legal & Professional Fees            | 2,416                              | -                                | 2,416                       |
| Audit Fees                           | 12,357                             | -                                | 12,357                      |
| Costs Associated with Pension Scheme | 412,000                            | -                                | 412,000                     |
| Interest Payable                     | 13,077                             | -                                | 13,077                      |
|                                      | <u>5,840,758</u>                   | <u>150,966</u>                   | <u>5,991,724</u>            |

The above figures represent the consolidated expenditure on charitable activities. The individual charitable company accounts includes £13,410 additional costs relating to the loss incurred by the subsidiary that has been absorbed by the parent charity. This gives total costs of £6,005,134.

**4b. Expenditure on Charitable Activities - (Comparative)**

|                                      | <b>2020<br/>Unrestricted<br/>Funds<br/>£</b> | <b>2020<br/>Restricted<br/>Funds<br/>£</b> | <b>2020<br/>Total<br/>Funds<br/>£</b> |
|--------------------------------------|----------------------------------------------|--------------------------------------------|---------------------------------------|
| 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                                |
|                                      | <b>7,260,755</b>                             | <b>138,787</b>                             | <b>7,399,542</b>                      |

**5. Operating Surplus**

|                                        | <b>2021<br/>£</b> | <b>2020<br/>£</b> |
|----------------------------------------|-------------------|-------------------|
| The surplus is stated after charging – |                   |                   |
| Auditor's Remuneration                 | 10,500            | 10,550            |
| Depreciation of Tangible Fixed Assets  | 333,627           | 321,371           |

The auditor did not provide any non-audit services in 2021 or 2020.

**6. Interest Payable**

|                    | <b>2021<br/>£</b> | <b>2020<br/>£</b> |
|--------------------|-------------------|-------------------|
| Loan interest paid | 13,077            | 14,403            |

7. Group & Charity Tangible Fixed Assets

|                       | Tenants<br>Improvements<br>£ | Plant &<br>Machinery<br>£ | Fixtures &<br>Fittings<br>£ | Gym<br>Equipment<br>£ | Total<br>£ |
|-----------------------|------------------------------|---------------------------|-----------------------------|-----------------------|------------|
| <b>Cost</b>           |                              |                           |                             |                       |            |
| At 1 April 2020       | 2,374,372                    | 144,708                   | 615,553                     | 968,622               | 4,103,255  |
| Additions             | 89,777                       | 4,452                     | 7,074                       | 2,658                 | 103,961    |
| At 31 March 2021      | 2,464,149                    | 149,160                   | 622,627                     | 971,280               | 4,207,216  |
| <b>Depreciation</b>   |                              |                           |                             |                       |            |
| At 1 April 2020       | 1,320,580                    | 114,432                   | 530,343                     | 782,805               | 2,748,160  |
| Charge for the year   | 202,019                      | 8,794                     | 47,959                      | 74,855                | 333,627    |
| At 31 March 2021      | 1,522,599                    | 123,226                   | 578,302                     | 857,660               | 3,081,787  |
| <b>Net Book Value</b> |                              |                           |                             |                       |            |
| At 31 March 2021      | 941,550                      | 25,934                    | 44,325                      | 113,620               | 1,125,429  |
| At 31 March 2020      | 1,053,792                    | 30,276                    | 85,210                      | 185,817               | 1,355,095  |

8. Fixed Asset Investments

|                                    | Shares in<br>subsidiary<br>undertakings<br>£ |
|------------------------------------|----------------------------------------------|
| <b>Cost</b>                        |                                              |
| At 1 April 2020 & at 31 March 2021 | 1                                            |

**Holdings of more than 20%**

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

| Company                                  | Country of registration<br>or Incorporation | Shares held<br>Class | %      |
|------------------------------------------|---------------------------------------------|----------------------|--------|
| <b>Subsidiary Undertaking</b>            |                                             |                      |        |
| Inverclyde Leisure Trading Services Ltd. | Scotland                                    | Ordinary             | 100.00 |

9. Stocks

|                         | 2021       |              | 2020       |              |
|-------------------------|------------|--------------|------------|--------------|
|                         | Group<br>£ | Charity<br>£ | Group<br>£ | Charity<br>£ |
| Materials & Consumables | 8,348      | 5,385        | 14,178     | 5,850        |

10. Debtors

|                                         | 2021           |                | 2020           |                |
|-----------------------------------------|----------------|----------------|----------------|----------------|
|                                         | Group<br>£     | Charity<br>£   | Group<br>£     | Charity<br>£   |
| Trade Debtors                           | 261,700        | 261,700        | 269,119        | 269,119        |
| Amounts Owed by Subsidiary Undertakings | -              | 2,962          | -              | 8,327          |
| Prepayments and Accrued Income          | 78,395         | 78,395         | 94,698         | 94,698         |
| Other Debtors                           | 185,334        | 185,334        | 89,913         | 89,913         |
|                                         | <u>516,679</u> | <u>519,641</u> | <u>453,730</u> | <u>462,057</u> |

11. Creditors: Amounts Falling Due Within One Year

|                                 | 2021             |                  | 2020             |                  |
|---------------------------------|------------------|------------------|------------------|------------------|
|                                 | Group<br>£       | Charity<br>£     | Group<br>£       | Charity<br>£     |
| Inverclyde Council Loan         | 44,581           | 44,581           | 43,222           | 43,222           |
| Trade Creditors                 | 891,056          | 891,056          | 800,464          | 800,464          |
| Taxes and Social Security Costs | 30,333           | 30,333           | 60,921           | 60,921           |
| Other Creditors                 | 10,434           | 10,434           | 225,040          | 225,040          |
| Accruals                        | 264,911          | 264,911          | 222,824          | 222,824          |
|                                 | <u>1,241,315</u> | <u>1,241,315</u> | <u>1,352,471</u> | <u>1,352,471</u> |

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

Creditors: Amounts Falling Due Outwith One Year

|                         | 2021           |                | 2020           |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | Group<br>£     | Charity<br>£   | Group<br>£     | Charity<br>£   |
| Inverclyde Council Loan | <u>353,758</u> | <u>353,758</u> | <u>398,323</u> | <u>398,323</u> |

12. Loans

|                                                                | 2021           |                | 2020           |                |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                | Group<br>£     | Charity<br>£   | Group<br>£     | Charity<br>£   |
| Inverclyde Council Loans Comprise:                             |                |                |                |                |
| Amounts Repayable Within Five Years                            | 237,302        | 237,302        | 230,052        | 230,052        |
| After More Than Five Years                                     | 161,037        | 161,037        | 211,493        | 211,493        |
|                                                                | <u>398,339</u> | <u>398,339</u> | <u>441,545</u> | <u>441,545</u> |
| Included in Creditors –<br>Amounts Falling Due Within One Year | <u>44,581</u>  | <u>44,581</u>  | <u>43,222</u>  | <u>43,222</u>  |



### 13. Pension Costs

The charity operates a defined benefit statutory pension scheme. The valuation of this scheme was updated at 31 March 2021.

The assets of the scheme are held separately from those of the charity 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 2021 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.

|                                                             | 2021<br>%     | 2020<br>%     |
|-------------------------------------------------------------|---------------|---------------|
| <b>Key Assumptions:</b>                                     |               |               |
| Discount rate                                               | 2.05          | 2.30          |
| Expected rate of increase of pensions in payment            | 2.80          | 1.80          |
| Expected rate of salary increases                           | 2.50          | 2.50          |
|                                                             |               |               |
|                                                             | 2021<br>Years | 2020<br>Years |
| <b>Mortality Assumptions:</b>                               |               |               |
| Assumed life expectations on retirement at age 65:          |               |               |
| Current Pensioners                                          |               |               |
| - Males                                                     | 19.8          | 20.7          |
| - Females                                                   | 22.6          | 22.9          |
|                                                             |               |               |
| Future Pensioners                                           |               |               |
| - Males                                                     | 21.2          | 22.2          |
| - Females                                                   | 24.7          | 24.6          |
|                                                             |               |               |
|                                                             | 2021<br>£     | 2020<br>£     |
| <b>Amounts Recognised in the Profit &amp; Loss Account:</b> |               |               |
| Current service cost                                        | 904,000       | 951,000       |
| Net interest on defined benefit liability                   | 42,000        | 63,000        |
|                                                             |               |               |
| Total costs                                                 | 946,000       | 1,014,000     |
|                                                             |               |               |
|                                                             | 2021<br>£     | 2020<br>£     |
| <b>Amounts Taken to Other Comprehensive Income</b>          |               |               |
| Actual return on scheme assets                              | 2,607,000     | ( 1,391,000 ) |
| Less: calculated interest element                           | 342,000       | 376,000       |
|                                                             |               |               |
| Return on scheme assets excluding interest income           | 2,949,000     | ( 1,015,000 ) |
| Actuarial changes related to obligations                    | ( 4,393,000 ) | 2,113,000     |
|                                                             |               |               |
| Total (loss) / gain                                         | ( 1,444,000 ) | 1,098,000     |

13. Pension Costs (cont'd)

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

|                                              | 2021             | 2020             |
|----------------------------------------------|------------------|------------------|
|                                              | £                | £                |
| Present value of defined benefit obligations | 21,892,000       | 16,291,000       |
| Fair value of plan assets                    | ( 18,383,000 )   | ( 14,638,000 )   |
|                                              | <u>3,509,000</u> | <u>1,653,000</u> |

Movements in the present value of defined benefit obligations

|                                   | 2021              |
|-----------------------------------|-------------------|
|                                   | £                 |
| Liabilities at 1 April 2020       | 16,291,000        |
| Current service cost              | 904,000           |
| Benefits paid                     | ( 239,000 )       |
| Contributions from scheme members | 159,000           |
| Actuarial gains and losses        | 4,393,000         |
| Interest cost                     | 384,000           |
| At 31 March 2021                  | <u>21,892,000</u> |

The defined benefit obligations arise from plans funded as follows:

|                                     | 2021              |
|-------------------------------------|-------------------|
|                                     | £                 |
| Wholly unfunded obligations         | 251,000           |
| Wholly or partly funded obligations | <u>21,641,000</u> |
|                                     | <u>21,892,000</u> |

Movements in the fair value of plan assets

|                                                                    | 2021              |
|--------------------------------------------------------------------|-------------------|
|                                                                    | £                 |
| Fair value of assets at 1 April 2020                               | 14,638,000        |
| Interest income                                                    | 342,000           |
| Return on plan assets (excluding amounts included in net interest) | 2,949,000         |
| Benefits paid                                                      | ( 239,000 )       |
| Contributions by the employer                                      | 534,000           |
| Contributions by scheme members                                    | 159,000           |
| At 31 March 2021                                                   | <u>18,383,000</u> |

Fair value of plan assets at the reporting period end

|                    | 2021              | 2020              |
|--------------------|-------------------|-------------------|
|                    | £                 | £                 |
| Equity instruments | 12,132,780        | 9,075,560         |
| Debt instruments   | 4,228,090         | 3,659,500         |
| Property           | 1,654,470         | 1,756,560         |
| Cash               | 367,660           | 146,380           |
|                    | <u>18,383,000</u> | <u>14,638,000</u> |

**14. Share Capital**

The charity does not have share capital but is limited by guarantee. The liability of members is limited to £1 each. At 31 March 2021 the charity had 9 members.

**15. Analysis of Net Assets Between Funds – Group**

|                 | <b>General<br/>Funds</b> | <b>Restricted<br/>Funds</b> | <b>Total<br/>Funds</b> |
|-----------------|--------------------------|-----------------------------|------------------------|
|                 | <b>£</b>                 | <b>£</b>                    | <b>£</b>               |
| Fixed Assets    | 825,453                  | 299,976                     | 1,125,429              |
| Current Assets  | 1,025,284                | 9,312                       | 1,034,596              |
| Liabilities     | ( 1,595,073 )            | -                           | ( 1,595,073 )          |
| Pension Reserve | ( 3,509,000 )            | -                           | ( 3,509,000 )          |
|                 | <u>( 3,253,336 )</u>     | <u>309,288</u>              | <u>( 2,944,048 )</u>   |

**Analysis of Net Assets Between Funds – Charity**

|                 | <b>General<br/>Funds</b> | <b>Restricted<br/>Funds</b> | <b>Total<br/>Funds</b> |
|-----------------|--------------------------|-----------------------------|------------------------|
|                 | <b>£</b>                 | <b>£</b>                    | <b>£</b>               |
| Fixed Assets    | 825,454                  | 299,976                     | 1,134,430              |
| Current Assets  | 1,025,283                | 9,312                       | 1,034,595              |
| Liabilities     | ( 1,595,073 )            | -                           | ( 1,595,073 )          |
| Pension Reserve | ( 3,509,000 )            | -                           | ( 3,509,000 )          |
|                 | <u>( 3,253,336 )</u>     | <u>309,288</u>              | <u>( 2,944,048 )</u>   |

**Analysis of Net Assets Between Funds – Group - Comparative**

|                 | <b>General<br/>Funds</b> | <b>Restricted<br/>Funds</b> | <b>Total<br/>Funds</b> |
|-----------------|--------------------------|-----------------------------|------------------------|
|                 | <b>£</b>                 | <b>£</b>                    | <b>£</b>               |
| 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 – Charity - Comparative**

|                 | <b>General<br/>Funds</b> | <b>Restricted<br/>Funds</b> | <b>Total<br/>Funds</b> |
|-----------------|--------------------------|-----------------------------|------------------------|
|                 | <b>£</b>                 | <b>£</b>                    | <b>£</b>               |
| Fixed Assets    | 995,125                  | 359,971                     | 1,355,096              |
| Current Assets  | 1,226,025                | 30,936                      | 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>     |

16. Movements in Funds – Group and Charity

|                                           | Total<br>Reserves<br>£<br>2021 | Total<br>Reserves<br>£<br>2020 |
|-------------------------------------------|--------------------------------|--------------------------------|
| Balance at 1 April 2020                   | ( 791,737 )                    | ( 1,182,610 )                  |
| Deficit for the year                      | ( 708,311 )                    | ( 707,127 )                    |
| Actuarial gain / (loss) on pension scheme | ( 1,444,000 )                  | 1,098,000                      |
|                                           | <u>( 2,944,048 )</u>           | <u>( 791,737 )</u>             |

Analysis of Reserves

|                               | At 1 April<br>2020<br>£ | Incoming<br>Resources<br>£ | Transfers<br>Between<br>Funds<br>£ | Outgoing<br>Resources<br>£ | At 31 March<br>2021<br>£ |
|-------------------------------|-------------------------|----------------------------|------------------------------------|----------------------------|--------------------------|
| <b>Restricted Funds</b>       |                         |                            |                                    |                            |                          |
| Live Active Fund              | -                       | 50,050                     | 12,934                             | ( 62,984 )                 | -                        |
| Community Rehabilitation Fund | 18,067                  | 1,675                      | -                                  | ( 15,326 )                 | 4,416                    |
| Ravenscraig Activity Centre   | 359,971                 | -                          | -                                  | ( 59,995 )                 | 299,976                  |
| Vitality Fund                 | 12,869                  | 4,688                      | -                                  | ( 12,661 )                 | 4,896                    |
| Total Restricted Funds        | <u>390,907</u>          | <u>56,413</u>              | <u>12,934</u>                      | <u>( 150,966 )</u>         | <u>309,288</u>           |
| <b>Unrestricted Funds</b>     |                         |                            |                                    |                            |                          |
| General Funds                 | 461,832                 | 5,229,993                  | ( 12,934 )                         | ( 5,429,571 )              | 249,320                  |
| Designated Fund – Move More   | 8,524                   | 28,826                     | -                                  | ( 31,006 )                 | 6,344                    |
| Pension Provision             | ( 1,653,000 )           | -                          | -                                  | ( 1,856,000 )              | ( 3,509,000 )            |
| Total Unrestricted Funds      | <u>( 1,182,644 )</u>    | <u>5,258,819</u>           | <u>( 12,934 )</u>                  | <u>( 7,316,577 )</u>       | <u>( 3,253,336 )</u>     |
| <b>Total Funds</b>            | <u>( 791,737 )</u>      | <u>5,315,232</u>           | <u>-</u>                           | <u>( 7,467,543 )</u>       | <u>( 2,944,048 )</u>     |

| Analysis of Reserves –<br>(Comparative) | At 1 April<br>2019<br>£ | Incoming<br>Resources<br>£ | Transfers<br>Between<br>Funds<br>£ | Outgoing<br>Resources<br>£ | At 31 March<br>2020<br>£ |
|-----------------------------------------|-------------------------|----------------------------|------------------------------------|----------------------------|--------------------------|
| <b>Restricted Funds</b>                 |                         |                            |                                    |                            |                          |
| 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>           |
| <b>Unrestricted Funds</b>               |                         |                            |                                    |                            |                          |
| 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>     |
| <b>Total Funds</b>                      | <u>( 1,182,610 )</u>    | <u>7,495,809</u>           | <u>-</u>                           | <u>( 7,140,936 )</u>       | <u>( 791,737 )</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 2021 the charity was committed to making the following payments under non-cancellable operating leases:

|                  | 2021<br>£ | 2020<br>£ |
|------------------|-----------|-----------|
| Within 1 year    | 12,000    | 12,000    |
| Within 2-5 years | 48,000    | 48,000    |
| Over 5 years     | 312,000   | 324,000   |

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 charity. Andrew Hetherington received remuneration of £53,192 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 charity 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 £1,000,716 (2020 - £1,101,520) to the Charity by payment of a management fee.

The Charity occupied facilities and paid leasing charges and rental to Inverclyde Council of £12,000 (2020 - £12,000). In addition, the Council provided financial and administrative support to the Charity and its subsidiary at a cost of £12,000 (2020 - £11,000) to the Charity.

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

|                  |         |
|------------------|---------|
| Margaret Kincaid | £14,553 |
| Carly Vango      | £6,924  |

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 Charity totalling £254,794 (2020 - £253,803). 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**

|                                                                                                    | 2021<br>£          | 2020<br>£      |
|----------------------------------------------------------------------------------------------------|--------------------|----------------|
| Net (expenditure) / income for the reporting period (as per the Statement of financial activities) | ( 708,311 )        | ( 707,127 )    |
| Adjustments for:                                                                                   |                    |                |
| Depreciation charges                                                                               | 333,627            | 321,371        |
| (Increase) / Decrease in stock                                                                     | 5,830              | ( 1,002 )      |
| Decrease / (Increase) in debtors                                                                   | ( 62,949 )         | 133,924        |
| Increase / (Decrease) in creditors within one year                                                 | ( 111,156 )        | 601,423        |
| Finance cost of defined benefit pension                                                            | 412,000            | 509,000        |
|                                                                                                    | <u>( 130,959 )</u> | <u>857,589</u> |

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

|                                                                                                    | 2021<br>£          | 2020<br>£      |
|----------------------------------------------------------------------------------------------------|--------------------|----------------|
| Net (expenditure) / income for the reporting period (as per the Statement of financial activities) | ( 708,311 )        | ( 707,127 )    |
| Adjustments for:                                                                                   |                    |                |
| Depreciation charges                                                                               | 333,627            | 321,371        |
| (Increase) / Decrease in stock                                                                     | 465                | ( 319 )        |
| Decrease / (Increase) in debtors                                                                   | ( 57,584 )         | 133,241        |
| Increase / (Decrease) in creditors within one year                                                 | ( 111,156 )        | 601,423        |
| Finance cost of defined benefit pension                                                            | 412,000            | 509,000        |
|                                                                                                    | <u>( 130,959 )</u> | <u>857,589</u> |

**24. Employees**

The average monthly number of persons employed by the charity during the year was 237 (2020 – 286).

**25. Analysis of Salary Costs**

|                                 | 2021<br>£        | 2020<br>£        |
|---------------------------------|------------------|------------------|
| Gross Wages                     | 3,120,521        | 3,467,683        |
| Employers NIC                   | 220,208          | 209,504          |
| Employers Pension Contributions | 488,686          | 466,343          |
|                                 | <u>3,829,415</u> | <u>4,143,530</u> |

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

|                     | 2021 | 2020 |
|---------------------|------|------|
| £60,001 to £70,000  | 1    | 1    |
| £90,001 to £100,000 | 1    | 1    |