

INVERCLYDE LEISURE
TRUSTEES REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

Scottish Charity No. SC032161
Company Registration No. SC223197 (Scotland)

INVERCLYDE LEISURE

COMPANY INFORMATION

TRUSTEES

C. Jewell
W. Hawthorne
J. Clocherty
G. Brooks
P. Gupta
L. Quinn
E. Cameron
R. McVitie
S. Reynolds

SECRETARY

A. Lavelle

COMPANY NUMBER

SC223197

CHARITY NUMBER

SC032161

REGISTERED OFFICE

Waterfront Leisure Complex
Customhouse Way
Greenock
Inverclyde PA15 1EW

AUDITORS

Welsh Walker Limited
179A Dalrymple Street
Greenock PA15 1BX

BANKERS

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

SOLICITORS

Patten & Prentice
2 Ardgowan Square
Greenock PA16 8PP

INVERCLYDE LEISURE

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REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022

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 2022 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 Reporting 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 2022 (Cont'd)**Achievements and performance**

In late April 2021, after the second national lock down, the majority of the facilities managed by Inverclyde Leisure opened to the public, although restrictions continued for the first part of the year. Despite these restrictions the company still managed to achieve over 1.2 million usages from our products and services.

Financially the business focused on recovery with regular updates to the Board of Directors and Inverclyde Council. We are extremely grateful to Inverclyde Council for the financial support throughout the year and Inverclyde Leisure were able to return 38% of the funding originally requested.

From a benchmarking perspective the company performed well with the Council spending less than other councils per visit in the year.

Corporately the company reorganised to maximize the opportunities that recovering from the pandemic presented. This included leveraging business development and corporate support, relentlessly driving initiatives to improve the business.

Human Resources were a key part of that drive ensuring employees were welcomed back to work after being on furlough and reminding employees that the environment the company strives to create is positive, professional, and rewarding. As part of employees returning to the workplace, HR focused on utilising dynamic employee scheduling to concentrate employees in key areas of the business that were recovering well and reduce costs where there was less customer demand. Other initiatives driven by HR included facilitating employee line chart reviews for all facilities, reviewing HR policies, reviewing the employee handbook, and conducting the employee survey that resulted in the findings that 95% of employees enjoy working for Inverclyde Leisure.

Marketing was another key component in the year - driving the growth of the company's products and services. Weekly meetings were arranged to deliver marketing and digital campaigns to both old and new customers devising unique campaigns to encourage and promote a healthy lifestyle. To strengthen this, we appointed a Social Media Executive in September to drive engagement through the company's digital platforms producing excellent work throughout the year.

Information and technology continued to be developed throughout the year by working with Xplor our current software provider to improve the front of house system, enhancing reporting through new dashboards. Our financial accounting software received a major update and was migrated to the cloud. Multiple facilities have also had improved broadband connectivity with new fiber lines installed.

The year proved to be a challenging one in terms of reactive maintenance with significantly more investment required than budgeted, especially for the Waterfront Leisure Complex. The investment continued throughout the year from both Inverclyde Leisure and our partners at the Council keeping the facilities operating and maintained.

Business Development was another driving force in the year aiding recovery. During the year the business development function delivered monthly performance meetings with facility managers in key commercial areas such as membership sales, swim school, skate school and birthday parties. During these session managers presented their individual KPI such as sales, income and usage and forecasted based on performance. Another success in the year was the growth of birthday parties by developing a new corporate menu for parties and introducing in new party types for customers. This had significant impact on performance nearly doubling the number of parties delivered.

Customer service and employee recognition continued with employees focusing on providing great experiences and fun activities for our customers.

The company successfully created and introduced a centralised customer contact centre for membership enquiries to aid the recovery from lockdown. We also continued to work with our partners at the WOW awards to focus on positive customer experience.

In the year the company also changed our Net Promotor Score provider. We were able to roll out the NPS into more centres delivering a corporate NPS of around 52% and still holding on to the highest trust in mainland Scotland in the national benchmarking for how satisfied residents are with local leisure facilities.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022 (Cont'd)

Towards the end of the year the company started work on the new customer engagement portal for new members. This portal that helps customers understand the benefits of their membership.

During the year improvement meetings were held to develop the company quality management system (QMS). This resulted in achieving the company target of 77% for our QMS cooperate audit score and for health and safety we exceeded the target achieving 78% against a target of 75%.

Operationally the company continued to rebuild our customer base focusing on great customer care and the promotions of our fantastic range of products and services.

Health and wellbeing continued transitioning from phone consultations, to face to face consultations, and the service was further enhanced utilising our existing partnerships with a range of health professionals and other agencies including third sector organisations such as the continued partnership with the lung cancer unit at IRH. Live Active became a valuable part of the prehab cancer pathway for patients to improve health and wellbeing in preparation for cancer treatment.

The Town Halls provided crucial support to the ongoing Covid-19 recovery programme throughout 2021/22.

Both Greenock Town Hall and Port Glasgow Town Hall remained pivotal to delivering the national vaccine programme with over 100,000 injections administered throughout the period. As 2021 progressed it was pleasing to be able to reopen these facilities for events and functions.

Parks and pitches were able to operate throughout 21/22 and this allowed sport to return quickly to the facilities and resulted in an increase to booking over the year.

Community facilities opened whenever required during the year to fulfil the community's needs. Restrictions were in place the first half of the year - this meant that it would be August before facilities fully began to reopen.

Swimming pools and the Waterfront Leisure Complex continued to build and grow from the previous year. The main areas of growth were swimming lessons and children's activities such as swimming and skating lessons. Gourrock Outdoor Pool & Fitness Gym operated for the full season the main areas of growth in the year were in swimming in general and gym-based classes such as spin fit and functional fitness.

Dry side sports and activity centres continued to flourish throughout the year. With further restrictions lifting in June, Boglestone Activity Centre opened its soft play and café, as well as activities.

Throughout the year Boglestone Activity Centre worked in partnership with IC to create an area for the NHS to operate as an Covid-19 asymptomatic testing centre. The summer of 2021 was a very successful summer for Boglestone soft play and café with many families able to use the facility again.

Birkmyre Fitness Gym participated in the Summer of Fun offering in partnership with IC to provide funded access to the fitness gym for Inverclyde school children which was a great success, and on Sunday 12th of September the Kilmacolm Running Festival event took place.

Lady Octavia opened the outdoor pitches as soon as restrictions allowed for outdoor group fitness classes and permitted football bookings. As restrictions eased from the 26th of April the centre reopened for individual gym use and the return of indoor group fitness classes utilising the sports hall. Working in partnership with IC, the replacement of the 11s 3G facility was a great success. Bringing the football facilities at Lady Octavia up to current FIFA standards.

Greenock Sports Centre continued to build and program activity driving the newly refurbished Strength Shed to record numbers and encouraging our most vulnerable live active customers back into use the facilities.

Ravenscraig Activity Centre was able to open the fitness gym with restricted numbers in late April. During this period the company brought back the learn to climb programme for ages between 4-12. As restrictions lifted in May the company introduced group fitness classes into the programme. Quickly followed in June, when restrictions changed, and the company were able to open the soft play. X-height was included in Inverclyde's Summer of Fun programme funded by IC during the summer holidays, giving Inverclyde school children free climbing sessions Monday-Saturday 9am and 10.10am and Sunday 9am, 10.10am and 4.50pm. This was a great success with sessions running at capacity.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022 (Cont'd)

Indoor Bowling reopened late September and saw a slow gradual uptake in memberships and rink hire. Usage did grow as the season progressed but not to the numbers in previous years.

Lastly, from a facilities perspective, the Whinhill Golf season proved to be a great success with an increase in memberships from the previous year.

Financial Review

The company's focus was on recovery from the impact of Covid19 and funding was required from our partners at Inverclyde Council. The agreed funding was £1,745,000 however, results allowed Inverclyde Leisure to agree to return £671,344 to Inverclyde Council.

The operating surplus in the year was £2,742.

After adjusting for pension costs and the related finance costs, Inverclyde Leisure reported total deficit of £866,258.

Inverclyde Leisure are reporting total funds of the charity of (£560,306).

Trading Subsidiary Performance

Trading performed strongly in the year and reported a profit of £112,694 which has been transferred to the charity account.

Restricted Funds

The Charity currently hold balances on three restricted funds totalling £244,397. The majority of the balance, £239,981, 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.

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 2021/2022 was 13.6% which is down on last year as the company recovers from the pandemic (18.8% 2020/21). In 2021/22 £68,960 (2020/21 £85,239) 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.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022 (Cont'd)**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 £323,297 at 31 March 2022 compared to £255,664 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 2021/22 actuarial report shows a £1,128,000 pension liability as at 31 March 2022 (£3,509,000 2020/21).

The decrease in the liability relates to an actuarial gain.

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

The LGPS is a funded scheme meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over time. The actuarial assessment provides only a snapshot as at 31 March 2022 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.

Despite the pension liability and impact of Covid, 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, funding of £789,000 was agreed by Inverclyde Council for 2022/2023. The company is working with Inverclyde Council to agree the funding required for the next three years given the significant challenges caused by increasing energy prices.

Plans for future periods

In year three of the Strategic Plan the aim is to continue to rebuild the business especially around subscription-based memberships that take longer to rebuild.

The company will continue to work with Inverclyde Council to agree funding for the year with the aim to get back to pre-pandemic levels although this will likely be affected by the utilities issues currently facing businesses.

Coming out of the pandemic gives IL a great opportunity to strategically focus and develop our services. The company feel we can play an important part in creating a healthier and more active community.

Our mission continues to be the best in the eyes of our customers, employees, and stakeholders, by providing a first-class service. With our vision and values remaining the same as in previous years.

During the coming year IL will continue to focus on re-engagement with our employees, customers and stakeholders. The company will grow our customer base and ensure that consumer confidence is re-established especially around the older demographic who continue to be slower in returning to facilities. Employee recognition will remain a key focus for IL. The company will review our staff handbook to ensure that it is appropriate and fit for purpose and will launch a new staff recognition programme in the autumn 2022.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022 (Cont'd)

Marketing will remain an important priority with continued development of strategic support from Big Wave Marketing and ongoing development of our marketing strategies promoting the awareness of our popular services within the local community. The company will further develop our online services including our website, social media and the IL app with our digital marketing manager. The company will work closely with our marketing providers to further improve our strategies around unique persona segmentation by introducing marketing platforms such as Sky television and social media platforms such as TikTok, Facebook and trending digital imagery and video content.

From an IT perspective the company will continue to develop the Legend software system. We will undertake an audit and review of all IT hardware and initiate a replacement programme as appropriate to ensure it is up to date and fit for purpose. The company will review system functionality such as our website, Wi-Fi, broadband, routers and phones. The company will continue to work with software providers to provide a smooth customer journey utilising where possible automation systems.

Business development will be a key part of our growth. The company will continue to review 5 year forecasts for swim and skate school and investigate the feasibility for upgrading fitness plus facilities at Birkmyre and Gourrock Pool.

The company will look at increasing usage at our Town halls for shows attracting a 600 plus audience. Customer service will remain a priority for IL with a review of customer journeys, and the continued development of the customer contact centre.

The company will also organise customer service training for staff to help deliver the best experience possible for our customers and we will continue with the WOW scheme which enables customers to nominate and recognise staff who have provided them with excellent service. The company will also update our customer charter to align it with our mission, vision and values.

IL will continue to work in close partnership with Right Directions reviewing our policies and procedures and ensure company compliance through external audits and health and safety management systems.

Other corporate priorities will include recognising individual and centre performance and our recognition event which had to be cancelled in Dec 21 due to Covid will be rescheduled for summer 2022.

The company's Health and Safety corporate average score for the coming year is targeted at 78% and the quality average audit score is targeted at 79%. Senior managers will work closely with facility managers to assist in the achievement of these standards.

The company will build on partnerships with the NHS and local organisations to deliver our health and wellbeing service aimed at those most vulnerable in the community. Our main services will include the Live Active referral scheme and the Vitality community rehab service. Our target for the year will be to have participation in the programmes back to pre-covid levels by March 2023.

The company will investigate sources of recovery funding to enable continuation of programmes aimed at those residing in Inverclyde Social Index of Multiple Deprivation (SIMD areas). The company will also negotiate with the NHS to secure funding for the Live Active and Vitality beyond March 2023.

Community Services will continue to provide an important role by providing a variety of town halls and community centres that can be hired for community use and events. The town halls will be made available for vaccination clinics in the Autumn / Winter. The company will rebuild the programme to drive and develop effective campaigns and advertising strategies around new corporate events such as, music festivals, weddings and special occasions and will refresh our Showcase brand.

Parks and pitches will continue to see the refurbishment of pitches in the estate in partnership with Inverclyde Council. Community Centres programmes will continue to be rebuilt. The company will work closely with IC to organise summer playschemes and other activities such as free swimming, climbing, the warrior event and pictures in the park.

The Waterfront Leisure Complex and swimming pools will continue to grow the development of casual usage and growing Swim School and DD swimming lessons.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022 (Cont'd)

The Gourrock pool will be opened for a full season with no reduction in capacity. The fitness facilities will continue to target the rebuilding of membership in partnership with our customer contact centre and we will continue to grow the fitness class programmes.

Dry side facilities will continue to focus on rebuilding programmed activity lost due the pandemic. This includes increasing fitness membership, climbing members and casual usage including, soft play, club usage, fitness classes, bowling café usage, football bookings, sports hall bookings, golf usage and party bookings. The company will also look at other activities such as football coaching and special events.

The facilities will also aim to develop programmes focusing on the active aging and youths. We will review the café menus by simplifying selection whilst still making the menu attractive to customers.

All sites will be developing their 1-to-5-year membership projections. The company will build on the success of our Strength Shed at the Greenock Sports Centre following the introduction of a wider range of plate loaded CV, cables and free weights equipment.

Within the leisure estate the company will be working with our partners, Inverclyde Council, carrying out major mechanical and electrical up upgrades in the facilities. The company will work with our partners at the Council and be part of a facilities review looking at the estate IL manage on behalf of the Council.

Other potential upgrades include the replacement of the movable floor at the Waterfront Leisure Complex and a full replacement of the public address system, security systems and intruder alarms along with replacement security lighting and Boglestone roof.

Inverclyde Leisure will continue to act as the Council's agent to help manage the new build tennis facility at Rankin Park in partnership with Tennis Scotland, Sport Scotland, Inverclyde Council, and the Lawn Tennis Association. The company recognise the challenges that will result in increased utilities charges and financial forecasts will continue as we work in close partnership with Inverclyde Council on our recovery plan reporting information as part of the monitoring process.

IL will report to the board of Directors 6 times a year on information regarding the strategic plan, financial updates, corporate updates, operational updates, and any areas of risk.

The company will also meet with Inverclyde Council monthly to discuss Inverclyde Leisure Strategic direction, operational and financial developments, and any areas of risk.

The aim for the year will be to build on the progress made in the previous year where we get back to full programme and continue to drive our customer base creating a better and stronger company for the future.

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.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022 (Cont'd)

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.

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 (resigned 19th November 2021)
J. Clocherty
G. Brooks
P. Gupta
J. McEleny (resigned 26th October 2021)
L. Quinn
E. Cameron
R. McVitie (appointed 22nd November 2021)
S. Reynolds (appointed 25th July 2022)
C. Curley (appointed 22nd November 2021 and resigned 19th May 2022)

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 2022 (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 in November 2021.

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 21 to the account.

Statement on Risk Management

Insurance cover is reviewed annually 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 2022 (Cont'd)**Auditors**

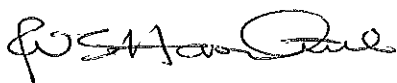
In accordance with the company's articles, a resolution proposing that Welsh Walker Limited be reappointed as auditor of the company will be put at a General Meeting.

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

21 September 2022

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 2022 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 2022 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: 21 September 2022

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

CONSOLIDATED INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Income		5,556,642	2,168,639
Cost of sales		<u>(4,060,795)</u>	<u>(3,956,246)</u>
Gross Surplus / (Deficit)		1,495,847	(1,785,607)
Administrative expenses		(2,851,623)	(1,644,220)
Other operating income		<u>1,370,236</u>	<u>3,145,642</u>
Operating Surplus / (Deficit)	5	14,460	(284,185)
Other interest receivable and similar income		-	951
Interest payable and similar charges		<u>(11,718)</u>	<u>(13,077)</u>
Operating Surplus / (Deficit) after interest		2,742	(296,311)
Other finance costs		<u>(869,000)</u>	<u>(412,000)</u>
Deficit for the financial year		<u><u>(866,258)</u></u>	<u><u>(708,311)</u></u>
Where of:			
Inverclyde Leisure		(978,952)	(708,311)
Inverclyde Leisure Trading Services Ltd		<u>112,694</u>	<u>-</u>
		<u><u>(866,258)</u></u>	<u><u>(708,311)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Deficit for the financial year		(866,258)	(708,311)
Actuarial gain / (loss) on pension scheme	14	<u>3,250,000</u>	<u>(1,444,000)</u>
Total gains / (losses) recognised since last financial statements		<u><u>2,383,742</u></u>	<u><u>(2,152,311)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 Unrestricted Funds £	2022 Restricted Funds £	2022 Total Funds £
Incoming resources from:				
Grants		1,315,236	55,000	1,370,236
Charitable activities		4,314,194	-	4,314,194
Other trading activities		300,732	-	300,732
Other	3	941,716	-	941,716
Total		<u>6,871,878</u>	<u>55,000</u>	<u>6,926,878</u>
Expenditure on:				
Raising funds	4(a)	(188,038)	-	(188,038)
Charitable activities	4(b)	(7,476,035)	(129,063)	(7,605,098)
Total		<u>(7,664,073)</u>	<u>(129,063)</u>	<u>(7,793,136)</u>
Net expenditure		(792,195)	(74,063)	(866,258)
Transfers between funds		(9,172)	9,172	-
Other recognised gains:				
Actuarial gains on defined benefit pension schemes	14	3,250,000	-	3,250,000
Net movement in funds		<u>2,448,633</u>	<u>(64,891)</u>	<u>2,383,742</u>
Reconciliation of funds				
Total funds brought forward		(3,253,336)	309,288	(2,944,048)
Total funds carried forward		<u>(804,703)</u>	<u>244,397</u>	<u>(560,306)</u>

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2022

COMPARATIVE YEAR

	Notes	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £
Incoming resources from:				
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
Total		<u>5,258,819</u>	<u>56,413</u>	<u>5,315,232</u>
Expenditure on:				
Raising funds	4(a)	31,819	-	31,819
Charitable activities	4(b)	5,840,758	150,966	5,991,724
Total		<u>5,872,577</u>	<u>150,966</u>	<u>6,023,543</u>
Net expenditure		(613,758)	(94,553)	(708,311)
Transfers between funds		(12,934)	12,934	-
Other recognised losses:				
Actuarial losses on defined benefit pension schemes	14	(1,444,000)	-	(1,444,000)
Net movement in funds		<u>(2,070,692)</u>	<u>(81,619)</u>	<u>(2,152,311)</u>
Reconciliation of funds				
Total funds brought forward		(1,182,644)	390,907	(791,737)
Total funds carried forward		<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 2022

	Notes	2022 Unrestricted Funds £	2022 Restricted Funds £	2022 Total Funds £
Incoming resources from:				
Grants		1,315,236	55,000	1,370,236
Charitable activities		4,314,194	-	4,314,194
Other	3	<u>1,054,410</u>	<u>-</u>	<u>1,054,410</u>
Total		<u>6,683,840</u>	<u>55,000</u>	<u>6,738,840</u>
Expenditure on:				
Charitable activities	4(b)	<u>(7,476,035)</u>	<u>(129,063)</u>	<u>(7,605,098)</u>
Total		<u>(7,476,035)</u>	<u>(129,063)</u>	<u>(7,605,098)</u>
Net expenditure		(792,195)	(74,063)	(866,258)
Transfers between funds		(9,172)	9,172	-
Other recognised gains:				
Actuarial gains on defined benefit pension schemes	14	<u>3,250,000</u>	<u>-</u>	<u>3,250,000</u>
Net movement in funds		<u>2,448,633</u>	<u>(64,891)</u>	<u>2,383,742</u>
Reconciliation of funds				
Total funds brought forward		<u>(3,253,336)</u>	<u>309,288</u>	<u>(2,944,048)</u>
Total funds carried forward		<u>(804,703)</u>	<u>244,397</u>	<u>(560,306)</u>

CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2022

COMPARATIVE YEAR

	Notes	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £
Incoming resources from:				
Grants		3,089,229	56,413	3,145,642
Charitable activities		1,149,514	-	1,149,514
Other	3	<u>1,001,667</u>	<u>-</u>	<u>1,001,667</u>
Total		<u>5,240,410</u>	<u>56,413</u>	<u>5,296,823</u>
Expenditure on:				
Charitable activities	4(b)	<u>5,854,168</u>	<u>150,966</u>	<u>6,005,134</u>
Total		<u>5,854,168</u>	<u>150,966</u>	<u>6,005,134</u>
Net expenditure		(613,758)	(94,553)	(708,311)
Transfers between funds		(12,934)	12,934	-
Other recognised losses:				
Actuarial losses on defined benefit pension schemes	14	<u>(1,444,000)</u>	<u>-</u>	<u>(1,444,000)</u>
Net movement in funds		<u>(2,070,692)</u>	<u>(81,619)</u>	<u>(2,152,311)</u>
Reconciliation of funds				
Total funds brought forward		<u>(1,182,644)</u>	<u>390,907</u>	<u>(791,737)</u>
Total funds carried forward		<u>(3,253,336)</u>	<u>309,288</u>	<u>(2,944,048)</u>

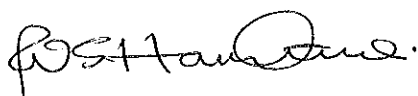
CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	7	832,379	1,125,429
Current assets			
Stocks	9	13,474	8,348
Debtors	10	505,913	516,679
Cash at bank and in hand		<u>987,958</u>	<u>509,569</u>
		1,507,345	1,034,596
Creditors: amounts falling due within one year	11	<u>(1,421,074)</u>	<u>(1,241,315)</u>
Net current assets / liabilities		<u>86,271</u>	<u>(206,719)</u>
Total assets less current liabilities		918,650	918,710
Creditors: amount falling due after more than one year	11	(307,808)	(353,758)
Provisions for liabilities	13	<u>(43,148)</u>	<u>-</u>
Net assets excluding pension liability		567,694	564,952
Pension scheme liability	14	<u>(1,128,000)</u>	<u>(3,509,000)</u>
Net assets including pension liability		<u>(560,306)</u>	<u>(2,944,048)</u>
The Funds of the Charity:			
Unrestricted income funds excluding pension liability	17	323,297	255,664
Restricted funds	17	244,397	309,288
Pension provision	17	<u>(1,128,000)</u>	<u>(3,509,000)</u>
Total funds of the charity		<u>(560,306)</u>	<u>(2,944,048)</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: 21 September 2022

Company Registration No. SC223197

CHARITABLE COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	7	832,379	1,125,429
Investments		<u>1</u>	<u>1</u>
		832,380	1,125,430
Current assets			
Stocks	9	6,410	5,385
Debtors	10	512,976	519,641
Cash at bank and in hand		<u>987,958</u>	<u>509,569</u>
		1,507,344	1,034,595
Creditors: amounts falling due within one year	11	<u>(1,421,074)</u>	<u>(1,241,315)</u>
Net current assets		<u>86,270</u>	<u>(206,720)</u>
Total assets less current liabilities		918,650	918,710
Creditors: amount falling due after more than one year	11	(307,808)	(353,758)
Provisions for liabilities	13	<u>(43,148)</u>	<u>-</u>
Net assets excluding pension liability		567,694	564,952
Pension scheme liability	14	<u>(1,128,000)</u>	<u>(3,509,000)</u>
Net assets including pension liability		<u>(560,306)</u>	<u>(2,944,048)</u>
The Funds of the Charity:			
Unrestricted income funds excluding pension liability	17	323,297	255,664
Restricted funds	17	244,397	309,288
Pension provision	17	<u>(1,128,000)</u>	<u>(3,509,000)</u>
Total funds of the charity		<u>(560,306)</u>	<u>(2,944,048)</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: 21 September 2022

Company Registration No. SC223197

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		£	£
Cash flows from operating activities			
Net cash provided by / (used in)			
Operating activities	24	577,236	(130,959)
Cash flow from investing activities			
Purchase of property, plant and equipment		<u>(52,897)</u>	<u>(103,961)</u>
Net cash used in investing activities		(52,897)	(103,961)
Cash flows from financing activities			
Repayments of borrowing		<u>(45,950)</u>	<u>(44,565)</u>
Net cash used in financing activities		<u>(45,950)</u>	<u>(44,565)</u>
Net change in cash and cash equivalents in the reporting period		478,389	(279,485)
Cash and cash equivalents at the beginning of the reporting period		<u>509,569</u>	<u>789,054</u>
Cash and cash equivalents at the end of the reporting period		<u>987,958</u>	<u>509,569</u>

CHARITABLE COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	£	2022	£	£	2021	£
Cash flows from operating activities							
Net cash provided by / (used in)							
Operating activities	24			577,236			(130,959)
Cash flow from investing activities							
Purchase of property, plant and equipment			(52,897)			(103,961)	
Net cash used in investing activities				(52,897)			(103,961)
Cash flows from financing activities							
Repayments of borrowing			(45,950)			(44,565)	
Net cash used in financing activities				(45,950)			(44,565)
Net change in cash and cash equivalents in the reporting period				478,389			(279,485)
Cash and cash equivalents at the beginning of the reporting period				509,569			789,054
Cash and cash equivalents at the end of the reporting period				987,958			509,569

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 and ongoing discussion with the Council regarding the impact of the current energy price crisis.

Given the current energy price increase the management of the charity are constantly revising projections, assessing the impact and discussing in full with the Council.

Whilst the balance sheet at March 2022 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 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 14 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 2022 the subsidiary made a profit of £112,694.

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

	2022 Unrestricted Funds £	2022 Restricted Funds £	2022 Total Funds £
Management Fee	941,716	-	941,716
	941,716	-	941,716

Other Income – Group (Comparative)

	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £
Management Fee	1,000,716	-	1,000,716
Bank Interest Received	951	-	951
	1,001,667	-	1,001,667

Other Income – Charity

	2022 Unrestricted Funds £	2022 Restricted Funds £	2022 Total Funds £
Management Fee	941,716	-	941,716
Gift Aid Distribution received from Inverclyde Leisure Trading Services Ltd	112,694	-	112,694
	1,054,410	-	1,054,410

Other Income – Charity (Comparative)

	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £
Management Fee	1,000,716	-	1,000,716
Bank Interest Received	951	-	951
	1,001,667	-	1,001,667

4a. Expenditure on Raising Funds

	2022 Unrestricted Funds £	2022 Restricted Funds £	2022 Total Funds £
Waterfront Café	28,314	-	28,314
Ravenscraig Café	37,860	-	37,860
Boglestone Café	30,381	-	30,381
Whinhill Golf Club	20,333	-	20,333
Indoor Bowling	1,853	-	1,853
Other goods for Resale	59,812	-	59,812
Repair Costs	8,780	-	8,780
Other Costs	705	-	705
	188,038	-	188,038

Expenditure on Raising Funds - (Comparative)

	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £
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
	31,819	-	31,819

4b. Expenditure on Charitable Activities

	2022 Unrestricted Funds £	2022 Restricted Funds £	2022 Total Funds £
Pool and Material Costs	16,047	-	16,047
Employment Costs	3,729,313	68,941	3,798,254
Operating Leases	67,941	-	67,941
Property Costs	1,565,075	-	1,565,075
Staff Related Costs	27,251	-	27,251
Office Costs	280,627	-	280,627
Finance Costs	219,796	-	219,796
Depreciation	234,184	59,995	294,179
Impairment	51,768	-	51,768
Irrecoverable VAT	283,320	-	283,320
Special Events	8,572	-	8,572
Other Costs	64,862	127	64,989
Legal & Professional Fees	14,426	-	14,426
Audit Fees	32,135	-	32,135
Costs Associated with Pension Scheme	869,000	-	869,000
Interest Payable	11,718	-	11,718
	7,476,035	129,063	7,605,098

4b. Expenditure on Charitable Activities - (Comparative)

	2021 Unrestricted Funds £	2021 Restricted Funds £	2021 Total Funds £
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
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
	5,840,758	150,966	5,991,724

5. Operating Surplus

	2022 £	2021 £
The surplus is stated after charging –		
Auditor's Remuneration	10,500	10,500
Impairment of Tangible Fixed Assets	51,768	-
Depreciation of Tangible Fixed Assets	294,179	333,627

The auditor did not provide any non-audit services in 2022 or 2021.

6. Interest Payable

	2022 £	2021 £
Loan interest paid	11,718	13,077

7. Group & Charity Tangible Fixed Assets

	Tenants Improvements £	Plant & Machinery £	Fixtures & Fittings £	Gym Equipment £	Total £
Cost					
At 1 April 2021	2,464,149	149,160	622,627	971,280	4,207,216
Additions	14,345	2,395	20,796	15,361	52,897
At 31 March 2022	2,478,494	151,555	643,423	986,641	4,260,113
Depreciation					
At 1 April 2021	1,522,599	123,226	578,302	857,660	3,081,787
Charge for the year	200,247	8,981	34,543	50,408	294,179
Impairment	51,768	-	-	-	51,768
At 31 March 2022	1,774,614	132,207	612,845	908,068	3,427,734
Net Book Value					
At 31 March 2022	703,880	19,348	30,578	78,573	832,379
At 31 March 2021	941,550	25,934	44,325	113,620	1,125,429

8. Fixed Asset Investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2021 & at 31 March 2022	1

Holdings of more than 20%

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

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

9. Stocks

	2022		2021	
	Group £	Charity £	Group £	Charity £
Materials & Consumables	13,474	6,410	8,348	5,385

10. Debtors

	2022		2021	
	Group £	Charity £	Group £	Charity £
Trade Debtors	283,668	283,668	261,700	261,700
Amounts Owed by Subsidiary Undertakings	-	7,063	-	2,962
Prepayments and Accrued Income	146,283	146,283	78,395	78,395
Other Debtors	75,962	75,962	185,334	185,334
	<u>505,913</u>	<u>512,976</u>	<u>516,679</u>	<u>519,641</u>

11. Creditors: Amounts Falling Due Within One Year

	2022		2021	
	Group £	Charity £	Group £	Charity £
Inverclyde Council Loan	45,966	45,966	44,581	44,581
Trade Creditors	852,754	852,754	891,056	891,056
Taxes and Social Security Costs	57,974	57,974	30,333	30,333
Other Creditors	29,858	29,858	10,434	10,434
Accruals	434,522	434,522	264,911	264,911
	<u>1,421,074</u>	<u>1,421,074</u>	<u>1,241,315</u>	<u>1,241,315</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

	2022		2021	
	Group £	Charity £	Group £	Charity £
Inverclyde Council Loan	<u>307,808</u>	<u>307,808</u>	<u>353,758</u>	<u>353,758</u>

12. Loans

	2022		2021	
	Group £	Charity £	Group £	Charity £
Inverclyde Council Loans Comprise:				
Amounts Repayable Within Five Years	244,764	244,764	237,302	237,302
After More Than Five Years	109,010	109,010	161,037	161,037
	<u>353,774</u>	<u>353,774</u>	<u>398,339</u>	<u>398,339</u>
Included in Creditors – Amounts Falling Due Within One Year	<u>45,966</u>	<u>45,966</u>	<u>44,581</u>	<u>44,581</u>

13. Provisions for Liabilities

	2022		2021	
	Group £	Charity £	Group £	Charity £
Contracted maintenance	<u>43,148</u>	<u>43,148</u>	-	-

14. Pension Costs

The charity operates a defined benefit statutory pension scheme. The valuation of this scheme was updated at 31 March 2022.

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 2022 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.

	2022 %	2021 %
Key Assumptions:		
Discount rate	2.75	2.05
Expected rate of increase of pensions in payment	3.15	2.80
Expected rate of salary increases	2.75	2.50
	2022 Years	2021 Years
Mortality Assumptions:		
Assumed life expectations on retirement at age 65:		
Current Pensioners		
- Males	19.6	19.8
- Females	22.4	22.6
Future Pensioners		
- Males	21.0	21.2
- Females	24.5	24.7
	2022 £	2021 £
Amounts Recognised in the Profit & Loss Account:		
Current service cost	1,290,000	904,000
Past service cost	39,000	-
Net interest on defined benefit liability	80,000	42,000
Total costs	1,409,000	946,000
	2022 £	2021 £
Amounts Taken to Other Comprehensive Income		
Actual return on scheme assets	1,438,000	2,607,000
Less: calculated interest element	(381,000)	342,000
Return on scheme assets excluding interest income	1,057,000	2,949,000
Actuarial changes related to obligations	2,193,000	(4,393,000)
Total gain / (loss)	3,250,000	(1,444,000)

14. 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:

	2022 £	2021 £
Present value of defined benefit obligations	21,354,000	21,892,000
Fair value of plan assets	(20,226,000)	(18,383,000)
	<u>1,128,000</u>	<u>3,509,000</u>

Movements in the present value of defined benefit obligations

	2022 £
Liabilities at 1 April 2021	21,892,000
Current service cost	1,290,000
Past service cost	39,000
Benefits paid	(279,000)
Contributions from scheme members	144,000
Actuarial gains and losses	(2,193,000)
Interest cost	461,000
At 31 March 2022	<u>21,354,000</u>

The defined benefit obligations arise from plans funded as follows:

	2022 £
Wholly unfunded obligations	21,071,000
Wholly or partly funded obligations	<u>283,000</u>
	<u>21,354,000</u>

Movements in the fair value of plan assets

	2022 £
Fair value of assets at 1 April 2021	18,383,000
Interest income	381,000
Return on plan assets (excluding amounts included in net interest)	1,057,000
Benefits paid	(279,000)
Contributions by the employer	540,000
Contributions by scheme members	144,000
At 31 March 2022	<u>20,226,000</u>

Fair value of plan assets at the reporting period end

	2022 £	2021 £
Equity instruments	12,337,860	12,132,780
Debt instruments	5,258,760	4,228,090
Property	2,224,860	1,654,470
Cash	404,520	367,660
	<u>20,226,000</u>	<u>18,383,000</u>

15. 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 2022 the charity had 9 members.

16. Analysis of Net Assets Between Funds – Group

	General Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	592,398	239,981	832,379
Current Assets	1,502,929	4,416	1,507,345
Liabilities	(1,772,030)	-	(1,772,030)
Pension Reserve	(1,128,000)	-	(1,128,000)
	<u>(804,703)</u>	<u>244,397</u>	<u>(560,306)</u>

Analysis of Net Assets Between Funds – Charity

	General Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	592,399	239,981	832,380
Current Assets	1,502,928	4,416	1,507,344
Liabilities	(1,772,030)	-	(1,772,030)
Pension Reserve	(1,128,000)	-	(1,128,000)
	<u>(804,703)</u>	<u>244,397</u>	<u>(560,306)</u>

Analysis of Net Assets Between Funds – Group - Comparative

	General Funds	Restricted Funds	Total Funds
	£	£	£
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 - Comparative

	General Funds	Restricted Funds	Total Funds
	£	£	£
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>

17. Movements in Funds – Group and Charity

	Total Reserves £ 2022	Total Reserves £ 2021
Balance at 1 April 2021	(2,944,048)	(791,737)
Deficit for the year	(866,258)	(708,311)
Actuarial gain / (loss) on pension scheme	3,250,000	(1,444,000)
	<u>(560,306)</u>	<u>(2,944,048)</u>

Analysis of Reserves	At 1 April 2021 £	Incoming Resources £	Transfers Between Funds £	Outgoing Resources £	At 31 March 2022 £
Restricted Funds					
Live Active Fund	-	50,000	19,007	(69,007)	-
Community Rehabilitation Fund	4,416	-	-	-	4,416
Ravenscraig Activity Centre	299,976	-	-	(59,995)	239,981
Vitality Fund	4,896	5,000	(9,835)	(61)	-
Total Restricted Funds	<u>309,288</u>	<u>55,000</u>	<u>9,172</u>	<u>(129,063)</u>	<u>244,397</u>
Unrestricted Funds					
General Funds	249,320	6,669,880	(9,172)	(6,595,291)	314,737
Designated Fund – Move More	6,344	13,960	-	(11,744)	8,560
Pension Provision	(3,509,000)	3,250,000	-	(869,000)	(1,128,000)
Total Unrestricted Funds	<u>(3,253,336)</u>	<u>9,933,840</u>	<u>(9,172)</u>	<u>(7,476,035)</u>	<u>(804,703)</u>
Total Funds	<u>(2,944,048)</u>	<u>9,988,840</u>	<u>-</u>	<u>(7,605,098)</u>	<u>(560,306)</u>

Analysis of Reserves – (Comparative)	At 1 April 2020 £	Incoming Resources £	Transfers Between Funds £	Outgoing Resources £	At 31 March 2021 £
Restricted Funds					
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>
Unrestricted Funds					
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>
Total Funds	<u>(791,737)</u>	<u>5,315,232</u>	<u>-</u>	<u>(7,467,543)</u>	<u>(2,944,048)</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.

18. Financial Commitments

At 31 March 2022 the charity was committed to making the following payments under non-cancellable operating leases:

	2022	2021
	£	£
Within 1 year	12,000	12,000
Within 2-5 years	48,000	48,000
Over 5 years	300,000	312,000

This relates to a lease which expires in 2052.

19. Trustees' Emoluments

During the year, two trustees that served during the year received emoluments (including ER NIC and Pension Contributions) from the charity. Andrew Hetherington received remuneration of £41,957 during his time as a trustee. Robert McVitie received remuneration of £16,610 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.

20. Control

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

21. Related Party Transactions

Inverclyde Council made a contribution of £941,716 (2021 - £1,000,716) 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 (2021 - £12,000). In addition, the Council provided financial and administrative support to the Charity and its subsidiary at a cost of £12,000 (2021 - £12,000) to the Charity.

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

Margaret Kincaid	£11,888
Carly Vango	£8,661

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

22. 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.

23. Key Management Personnel

The members of staff identified as Key Management Personnel received remuneration from the Charity totalling £320,265 (2021 - £254,794). This figure includes Gross Salary, Benefits, Employers Pension Contribution and Employer NIC costs. The 2021 figures included 3 members of staff and the 2022 figures include 4 members of staff.

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

	2022 £	2021 £
Net (expenditure) for the reporting period (as per the Statement of financial activities)	(866,258)	(708,311)
Adjustments for:		
Depreciation charges	294,179	333,627
Impairment	51,768	-
(Increase) / Decrease in stock	(5,126)	5,830
Decrease / (Increase) in debtors	10,766	(62,949)
Increase / (Decrease) in creditors within one year	179,759	(111,156)
Increase in provisions	43,148	-
Finance cost of defined benefit pension	869,000	412,000
	<u>577,236</u>	<u>(130,959)</u>

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

	2022 £	2021 £
Net (expenditure) for the reporting period (as per the Statement of financial activities)	(866,258)	(708,311)
Adjustments for:		
Depreciation charges	294,179	333,627
Impairment	51,768	-
(Increase) / Decrease in stock	(1,025)	465
Decrease / (Increase) in debtors	6,665	(57,584)
Increase / (Decrease) in creditors within one year	179,759	(111,156)
Increase in provisions	43,148	-
Finance cost of defined benefit pension	869,000	412,000
	<u>577,236</u>	<u>(130,959)</u>

25. Employees

The average monthly number of persons employed by the charity during the year was 235 (2021 – 237).

26. Analysis of Salary Costs

	2022 £	2021 £
Gross Wages	3,144,963	3,120,521
Employers NIC	199,438	220,208
Employers Pension Contributions	453,853	488,686
	<u>3,798,254</u>	<u>3,829,415</u>

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

	2022	2021
£60,001 to £70,000	2	1
£70,001 to £80,000	1	0
£90,001 to £100,000	0	1
£110,001 to £120,000	1	0

Remuneration includes gross pay, employees NIC, employees pension contributions and any employee benefits.