

**INVERCLYDE LEISURE**  
**TRUSTEES REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

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

**INVERCLYDE LEISURE**

**COMPANY INFORMATION**

**TRUSTEES**

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

## CONTENTS

	<b>Page</b>
Trustees' Report	1 – 11
Independent Auditors' Report	12 - 14
Consolidated Income & Expenditure Account	15
Consolidated Statement of Comprehensive Income	16
Consolidated Statement of Financial Activities	17
Consolidated Statement of Financial Activities – Comparative Year	18
Charitable Company Statement of Financial Activities	19
Charitable Company Statement of Financial Activities - Comparative Year	20
Consolidated Balance Sheet	21
Charitable Company Balance Sheet	22
Consolidated Cash Flow Statement	23
Charitable Company Cash Flow Statement	24
Notes to the Financial Statements	25 - 41

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023**

The trustees are pleased to present their annual trustees' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2023 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 2023 (Cont'd)****Achievements and performance**

With no restrictions impacting services, the company's focus during the year was developing products and services in all areas of the business. We worked in partnership with Inverclyde Council to carry out a public consultation identifying how the company could make savings for the Council to consider.

Energy costs became a big focus and the impact on the 2022/2023 budget was identified early in the financial year and actions, such as energy efficiency and cost prioritisation, were discussed, reviewed, and implemented quickly to ensure all steps were taken to mitigate financial pressures. The company then worked together with Inverclyde Council and were grateful to receive their agreement to increase the funding agreed in the three year strategic plan. This additional funding was received in quarter two. Hard work on continual forecasting, cost efficiency and prioritisation and, income focus ensured that we did not need further funding for the remainder of the year.

During the year the company focused on several key aspects within Human Resources to create a positive, professional and rewarding environment for all employees. One of these initiatives was the creation of the employee development framework (EDF) linked to company values and driving the best practice behaviours for Inverclyde Leisure employees. The company also carried out an employee survey with 90% of employees being satisfied with their employee benefits and 84% of employees with their career opportunities.

In the year the marketing team created the annual marketing and promotional plan and this was implemented through weekly marketing meetings. This focused approach allowed the continual development of products and services for our customers.

IT remained a focal point for systems development to improve the company's efficiency and productivity in the year. The company also achieved Cyber Security Accreditation, this ensured Inverclyde Leisure were operating with best practice and compliant with data protection, this certification also provides an additional layer of insurance cover for the company.

Facilities Management continued through our planned preventative maintenance (PPM) schedules across our estate, by carrying out a scheduled plan of repairs and servicing. These schedules include statutory items such as fixed electrical testing, boiler inspections/ gas soundness and legionella etc. Along with the PPM there was several reactive maintenance items that came to the forefront throughout the year and we continued to work closely with the Council on planned projects.

Business Development remained at the forefront for Inverclyde Leisure's strategic planning in the year with the company consistently reviewing products and services across all facilities. This included conducting market research to identify current and emerging trends and customer needs, gathering feedback from customers to understand their preferences, expectations and areas for improvement and, fostering a culture of innovation within the company. Also, regularly analyse competitors' products and strategies to identify gaps and potential areas of differentiation, developing a strong marketing and branding strategy to communicate Inverclyde Leisure's unique value proposition and, showcase the company's products and services.

Customer Service remained at a high standard during the year with the NPS average score being 52.9% and the Scottish Local Government benchmark framework being 7% higher in Inverclyde than the national Scottish average. This ranked Inverclyde 4<sup>th</sup> in Scotland of how satisfied residents are with Inverclyde Leisure's facilities. Customer survey results were also positive with 82% of our customers being very satisfied with the service and care they receive at our facilities from employees.

Both Quality Management and Health and Safety achieved corporate targets for audits during the year. Staff were trained through QMS with policy and procedure updates and all contracted staff registered onto the new staff mis platform. The company also developed new environmental policies and procedures in the year.

Operationally health and wellbeing work continued with external agencies including NHS Greater Glasgow and Clyde, Inverclyde Community Health and Social Care Partnership and Inverclyde Council.

The company further enhanced existing partnerships with a range of health professionals and other agencies including third sector organisations and we strengthened our partnership with local community connectors who have been promoting the Live Active and Vitality programmes via valuable outreach work with various groups. After forging links 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.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023 (Cont'd)**

The Town Halls had another great year with all key objectives set out in year three of the Strategic Plan successfully delivered. Greenock Town Hall had an excellent year with all the weddings that had been postponed in the previous two years finally coming to fruition.

IL Showcase at the town halls delivered a schedule of events such as Scottish comedian Gary Faulds playing to a sold-out audience of over 800, the Cavern Beatles, Roddy Woomble and further collaborations with local performance group, Prominence Academy, who performed their summer show Aladdin.

The town halls continued to support the national delivery of the various vaccine programmes with 32,342 attending vaccine appointments at the venues.

Community Centres continued to flourish with the local community centre at Grieve Road newly refurbished and opening its doors to the public during the year.

The company engaged with the Board at Kilmacolm Community Centre and renewed our commitment to support them for the foreseeable future.

During the summer we provided a number of activities within the community including summer playschemes which attracted over 7000 attendances supported by funding from the Scottish Government in partnership with the Council. The company in partnership with Inverclyde Council were also able to repeat the success of the previous year by delivering two weekends of Pictures in the Park in Battery Park. In total we had 12 movies in an outdoor setting over the two weekends.

Parks and Pitches along with the stadium at Ravenscraig maintained a healthy position in 22/23 with attendances of just over 200,000 participants over multiple sports.

Throughout the year there were several notable events including an international match between Scotland and England Ladies (under 15) to commemorate the 50<sup>th</sup> anniversary of the first full ladies international between the two nations at Ravenscraig Stadium. Parklea also hosted several training sessions for four national ladies' teams (under 19) who were competing in Scotland in a major European tournament. In June the Inverclyde Warrior event, supported with funding from Inverclyde Council took place at Battery Park. This multi discipline event involved local schools on the Friday and members of the community and local businesses on the Saturday.

The Waterfront Leisure Complex continued to build and grow in almost every area with significant growth in adult swimming, children's activities, gym memberships and group fitness classes including gym, studio, and pool-based classes. Children's activities such as swimming lessons, skating lessons, themed ice disco's, birthday parties etc also continue to be developed.

During the year the company continued to work closely with the Council prioritising building upgrades such as the planning of the moveable floor project and fire panel works.

Port Glasgow Swimming Pool & Express Fitness continued to serve the community of Port Glasgow and surrounding areas, offering a great range of products and services to suit everyone. We worked closely with the Council on the building upgrade as the balcony at the facility required strengthening during the year.

Gourock Pool Outdoor Pool opened its doors on the 6th of May 2022. During the season Inverclyde Leisure invested in upgrading the lockers, which involved converting all public lockers in the facility and, Inverclyde Council ordered new pool covers.

As part of the company's commitment to the active ageing and youth markets and, in partnership with the Council, the company offered free gym access to Inverclyde school children aged between 10 and 17yrs old throughout the summer holiday period and, the live active team delivered programmes for the active ageing.

Boglestone Activity Centre continued to deliver seasonal events throughout the year which included Schools Out, Halloween Discos as well as breakfast events with the Easter Bunny, Santa and Coco Melon. Soft Play was further enhanced with a new CCTV system which allowed parents to sit back and relax with a coffee while keeping an eye on their little ones and, Inverclyde Council invested in roof works at the centre.

On the 11<sup>th</sup> of September 2022 the Kilmacolm Running Festival took place. This event once again proved to be a great success attracting participants from all over Inverclyde as well as bringing competitors from further afield. This year saw a record number of entries for the Kilmacolm Half Marathon with over 150 entries. The gym membership at Birkmyre Fitness Gym continued to grow with many members returning and the company developed a new gym layout to be implemented in the spring of 2023.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023 (Cont'd)**

In September Lady Octavia hosted a 5 aside tournament with Street Soccer Scotland which involved local businesses and recovery groups. The site continued to work with AR26 charity football programme with Lady Octavia being quoted as one of the highest attended camps throughout Scotland. AR26 offers free football sessions to the children of Inverclyde with the aim of increasing activity levels, developing football skills, combating obesity and reducing crime.

Usage at Greenock Sports Centre continued to grow with the popular Strength Shed facility achieving over 400 members. Schools Sports Hall Athletics continued to be a success in the year and both Archery and Shotobudo held successful events within at the centre which attracted competitors from all over the country.

In October 2022 the company upgraded Ravenscraig Activity Centre fitness gym. The refurbishment included new equipment, flooring, lighting, and motivational quotes and was well received by customers increasing the membership at the centre. The Soft Play and climbing facilities at the centre were well used during the year by groups such as Boogie Bugs and local schools and nurseries for their fun days. Various family events such as Breakfast with Furry Friends, Halloween Disco and Breakfast with Santa continued to be a success throughout the year.

Inverclyde's Indoor Bowling Club reopened on Thursday 8th September 2022 with promotion across our social platforms, leaflet drops to all the outdoor bowling clubs and advertising in the Greenock Telegraph. During the year the company worked with SIBA (Scottish Indoor Bowling Association) to host the Scottish Singles and Doubles Championships.

Whinhill golf season was a great success with an increase in memberships from the previous year. Investment from the Council enhanced the facility with the introduction of a new shop and upgrades to the changing facilities.

All of the achievements in the year could not have happened without fantastic employees, excellent customers, proactive Directors and a great partnership with Inverclyde Council.

**Financial Review**

The operating surplus in the year was £808.

After adjusting for costs relating to the Defined Benefit Pension fund, Inverclyde Leisure reported total deficit of £683,192. However, the company benefited from an actuarial gain in the year of £7,687,000 resulting in an overall increase in reserves of £7,003,808.

Inverclyde Leisure are reporting total funds of the charity of £6,443,502.

Total additional funding received from Inverclyde Council totalled £1,067,000 which was an increase on the original agreement due to significant energy cost increases identified early in the financial year.

The management fee was £927,452.

**Trading Subsidiary Performance**

Trading performed strongly in the year and reported a profit of £159,242 which has been transferred to the charity account.

**Restricted Funds**

The Charity currently hold balances on four restricted funds totalling £189,967. The majority of the balance, £179,986, 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. Two of the remaining restricted funds are for projects aimed at providing facilities to those referred by the NHS and have medical conditions where exercise is important to dealing with their illness with the third fund relating to the installation of a loop hearing system.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023 (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 2022/20213 was 12.2% down on last year (13.6% 2021/22). In 2022/23 £64,625 (2021/22 £68,960) 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 the impact of the Covid pandemic. It is likely that this level of reserves will not be achieved for several years given the recent inflationary cost pressures. However, the company's strategic plan for 2023/24 to 2025/26 and funding has been agreed with the Council.

The unrestricted reserves, excluding the pension provision of the Company, stood at £378,535 at 31 March 2023 compared to £323,297 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 2022/23 actuarial report shows a £5,875,000 pension asset as at 31 March 2023 ( £1,128,000 liability 2021/22).

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 2023 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.

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.

The three year strategic plan and funding for 2023/24 to 2025/26 has been agreed with Inverclyde Council. From the 1<sup>st</sup> April 2023 it has been agreed that the Council will pay the gas and electricity for the majority of Inverclyde Leisure sites. The company is also grateful to Inverclyde Council for setting aside £400,000 to smooth financial pressures over the next three years.



**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023 (Cont'd)****Plans for future periods**

The three year strategic plan 2023/24 to 2025/26 has been agreed. Inverclyde Leisure is part-funded by Inverclyde Council in the form of a funding agreement to deliver the strategic plan and service level agreements. Each plan identifies the amount Inverclyde Council pay Inverclyde Leisure for the provision of the service over the period.

Inverclyde Leisure works in partnership with stakeholders carefully balancing strategy, culture, resources, and performance through the strategic planning process.

The company in recent years has traded through difficult times; the worldwide pandemic, inflationary pressures and more recently the energy crisis. This has had a huge effect on the company and without Inverclyde Council's additional funding, Inverclyde Leisure would have ceased trading.

From an economic perspective this period of uncertainty is likely to continue for some time, with a predicted recession at some point and inflation running higher than the Bank of England's target of 2%.

Leisure and Culture continues to be hit with inflationary pressures with no current central government funding for the utilities crisis, and inflationary pressures are not expected to reduce to normal levels until 2025 according to Community Leisure UK's forecasts.

The research from our main income areas of health, fitness, swimming and sport paint a more positive picture, although the pandemic has had an effect on customers returning to facilities and services.

The health and fitness industry is remarkably recession-proof from data from 1980s through to the financial crises of 2008. However, the pandemic knocked the industry back to 2017 -2019 levels.

Gyms and other public spaces have an important part to play in Inverclyde as they give a sense of community that allows people to put aside their concerns and simply enjoy the company, conversation, and activity available to them.

According to the World Health Organisation (WHO), in the first ever global report into the high cost of physical inactivity, almost 500 million people will develop heart disease, obesity, diabetes and other NCD attributable to physical inactivity.

Good public health makes economic sense. Promoting more physical activity for everyone helps prevent heart disease, strokes, diabetes and a number of cancers and is important for peoples' wellbeing and mental health, creating a huge opportunity to highlight the benefits physical activity has in Inverclyde.

Swimming pools have seen an upsurge with customers returning to pools but face unprecedented times with the escalation of energy prices and inflationary pressures that operators cannot simply cover with price increases. Swim schools are now the second highest income generator after fitness amongst all ages and abilities. Swimming is one of the most popular sports in the UK with an estimated 4 million people swimming at least once a week and four out of ten users saying it's the only exercise they get.

Sportscotland has created a sporting system for everyone focusing on a more active Scotland of which Inverclyde Leisure can play its part from a facilities perspective - driving programmed activity, supporting clubs and working with the Active Schools team.

Research shows there are plenty opportunities to develop the company and these opportunities have been developed throughout the plan and will form part of targeted growth action plans.

These plans will include a range of initiatives such as fully embracing the digital age, creating sustainable growth, driving health initiatives, focusing on customer service to retain customers longer, developing marketing initiatives to effectively promote products, training employees to better serve the customer, developing emerging trends, cross-selling and reviewing programmes to leverage more usage, whilst managing costs by driving AI, automation, video content and digital innovations.

The Strategic direction over the next three years (2023/24 to 2025/26) will be to drive these initiatives organically through a planned approach facility by facility.

Organic growth is the process of growing the company internally using the company's own resources, capabilities, expertise, marketing, content and relationships, including creating higher-converting marketing content, increasing sales, and retaining more customers. This is a good strategic fit for Inverclyde Leisure to get the most out of the facilities and services the company operates.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023 (Cont'd)**

The next part of the summary discusses in more detail corporate initiatives, starting with Human Resources (HR). The main drive for HR will be the training and development of employees to deliver a positive organisational culture and great customer service that delivers the company's mission and vision through the company's values that each employee will demonstrate through the Employment Development Framework.

HR will also be coordinating the reorganisation of the company's employees to ensure the company has the appropriate resources to deliver the strategic plan, encourage employees to better themselves within the organisation by developing initiatives that motivate and create opportunities.

Marketing will be a main driver for the company's organic growth strategy, helping the company to penetrate the market effectively to showcase our products and services. We will be using a more targeted approach in our marketing to grow our consumer base by advertising programmed activity using a creative marketing mix to highlight the value our products and services have to the consumer.

This will include developing our key message around health, wellness, overall customer experience and the extensive range of our products and services on offer, whilst continuing to experiment with emerging trends for customers. Areas of focus will include development of brands, campaign development, video development, digital content, website development and social content.

Information Technology will continue to be developed with primary focus on the front of house system, AI, API integration, the website and improving IL's applications and digital experiences for our customers.

Facility Management will continue to be delivered through Inverclyde Leisure's planned preventive maintenance schedules and reactive maintenance initiatives. On larger items we will continue to work in partnership with Inverclyde Council to prioritise lifecycle repair and replacement related to the buildings condition. One of the main focuses over the next three years will be Environmental improvements.

Another key driver to the company's organic growth strategy will be the implementation of Business Development initiatives. This will be achieved by integrating the knowledge and skills of our internal teams with each area of the business, developing plans to increase sales, retain more customers or become more efficient.

Some of the main processes and initiatives to manage growth will be income forecasting, detailed site project plans, marketing plans, enhancing programmes, developing cross-selling, customer centric initiatives, digital developments, refreshing brands, investing in AI and facility refurbishments to satisfy customer demands.

Customer Service and the retention of customers continues to be a priority with the continuation of NPS, the WOW! Awards, and regular surveys and improvements in customer communication both digitally and centrally.

From a process and compliance perspective we will continue to audit and review both Health and Safety and Quality Management Systems, producing action plans to drive continual improvement throughout the organisation.

Operationally the focus will be to deliver organic growth over the next three years through the facilities and services the company provides to the customer.

The health and wellbeing team will provide ongoing support through health initiatives including, physical activity programmes, weight management, GP referral programmes, cancer rehabilitation and cardiac rehabilitation programmes.

The focus for town halls and community facilities will be to grow the user base with the addition of the new King George V Building and renegotiation of the Kilmacolm New Community Centre agreement.

The town hall resources will become centralised at Greenock Town Hall to help develop the Showcase brand, expanding the use of the Town Hall for travelling shows, large events, weddings, comedians, bands, and special events.

To support this, the company will also be developing a new agreement for bar and catering services. The service will also continue to support key areas such as civil contingency, administering out of our school bookings, the wavier programme, arts and drama bookings and Council key events.

Parks, pitches, and stadiums accommodate many sporting activities across Inverclyde. During the period we will review and improve bookings, embracing digital technology, as well as improving communication with clubs through regular touch points.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023 (Cont'd)**

Swimming pools and the Waterfront Leisure Complex will continue to be developed in line with the company's organic growth strategy.

This include replacing the pool floor at the Waterfront, development of growth targets for memberships, new café menus, a review of seating, a review of swimming lessons, new parties for children, the development of Try Curling and ice shows, packages for tourists from the Ocean Terminal, development of programmed activity, the refurbishment of studio provisions, the development of events, a review of changing facilities at Port Glasgow Pool, and the 5-year part replacement of equipment at the Waterfront Fitness Gym.

The company also will continue to develop Gourrock Pool and Gym with the 5-year part replacement of fitness equipment and continuation of the Gourrock Pool season, building on the programmes, swimming, enhanced facilities, developing memberships, and running events such as the Triathlon, Sports Days, and Doggy Swims.

Dry side activity centres of Ravenscraig and Boglestone will be developed by growing the programmes in areas such as soft play, climbing, sports halls and multipurpose rooms by planning and delivering seasonal events such as Breakfast with Santa, Halloween parties, DJ nights, and Breakfast with the Easter Bunny.

With a number of improvements planned such as upgrades to some equipment, LED lighting, new café menu, small amusement rides, review of changing facilities and group fitness review.

Birkmyre will be part-refurbished with new fitness equipment, flooring and some lighting improvements, as well as being the first site to go through the organic growth development process.

Lady Octavia will see a number of improvements to maximise bookings in the sports hall, group fitness program, as well as driving Fitness for Less usage in the gym and continuing to offer great football facilities in the area.

Greenock Sports Centre has good potential for development but also needs major investment. Therefore, our main priority for the centre will be to work with Inverclyde Council to decide on the future strategy for the facility.

Our plan while that is being achieved is to build on the Strength Shed's success, potential to repurpose the upstairs gym for GP health referrals, continuing to grow memberships at the facility, enhance the group fitness program, work in partnership with IC to improve the main hall floor, grow birthday parties, utilise club partnerships and run events such as sports hall athletics to better utilise the great facilities at Greenock Sports Centre.

The company will continue to work with the Greenock Indoor Bowling Committee to help build club membership with a pre-season campaign driven by the committee.

Whinhill Golf Course has been a great addition to Inverclyde Leisure's portfolio since the transfer of the facility from Inverclyde Council. The main aim for the golf course and facilities will be to continue to drive usage, work in partnership with the committee, promote the golf shop, explore potential booking systems and market to cruise ship customers and tourists visiting the area.

Financially for the company to grow it is essential we leverage finances, effectively spending in areas to help us grow, whilst managing costs to deliver a good standard of service to our customers. This growth will be leveraged internally by our teams using our own resources, expertise, and capabilities.

During the next three years the company will be forecasting and reviewing finances with the Board, completing governance documentation, returning Freedom of Information inquiries, exploring new funding opportunities, reviewing the risk register, completing cyber security accreditation, producing gender pay gap reports, reviewing insurance, completing NDR returns, reviewing VAT through an external advisor and completing financial process and reviews for the company.

Although there are further obstacles ahead, there is no doubt that Inverclyde Leisure is in a good position to manage and overcome these challenges thanks to the support of our employees, customers, Inverclyde Leisure's Board of Directors and Inverclyde Council.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023 (Cont'd)****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.

**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 (resigned 29<sup>th</sup> May 2023)  
W. Hawthorne  
R. McVitie  
J. Clocherty  
G. Brooks  
P. Gupta  
J. McEleny  
L. Quinn  
E. Cameron  
S. Reynolds (appointed 25<sup>th</sup> July 2022)

**Trustees interests**

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

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023 (Cont'd)****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 and Community Facilities, Head of Business Development and Corporate Support and Finance Manager should be considered as the Key Management Personnel of the Charity.

**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, Head of Business Development and Corporate Support 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.

**REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022 (Cont'd)****Statement on Risk Management**

Gallagher reviewed our insurance cover 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.

**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

25 September 2023

**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 2023 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 2023 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: 25 September 2023**

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

## CONSOLIDATED INCOME &amp; EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
<b>Income</b>		6,345,731	5,556,642
Cost of sales		<u>( 4,425,003 )</u>	<u>( 4,060,795 )</u>
<b>Gross Surplus / (Deficit)</b>		1,920,728	1,495,847
Administrative expenses		( 3,137,888 )	( 2,851,623 )
Other operating income		<u>1,228,285</u>	<u>1,370,236</u>
<b>Operating Surplus / (Deficit)</b>	<b>5</b>	11,125	14,460
Other interest receivable and similar income		-	-
Interest payable and similar charges		<u>( 10,317 )</u>	<u>( 11,718 )</u>
<b>Operating Surplus / (Deficit) after interest</b>		808	2,742
Other finance costs		<u>( 684,000 )</u>	<u>( 869,000 )</u>
<b>Deficit for the financial year</b>		<u><u>( 683,192 )</u></u>	<u><u>( 866,258 )</u></u>
Where of:			
Inverclyde Leisure		( 842,434 )	( 978,952 )
Inverclyde Leisure Trading Services Ltd		<u>159,242</u>	<u>112,694</u>
		<u><u>( 683,192 )</u></u>	<u><u>( 866,258 )</u></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
<b>Deficit for the financial year</b>		( 683,192 )	( 866,258 )
Actuarial gain / (loss) on pension scheme	14	<u>7,687,000</u>	<u>3,250,000</u>
<b>Total gains / (losses) recognised since last financial statements</b>		<u>7,003,808</u>	<u>2,383,742</u>

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 Unrestricted Funds £	2023 Restricted Funds £	2023 Total Funds £
<b>Incoming resources from:</b>				
Grants		1,162,000	66,285	1,228,285
Charitable activities		4,967,206	-	4,967,206
Other trading activities		374,073	-	374,073
Other	3	1,004,452	-	1,004,452
<b>Total</b>		<u>7,507,731</u>	<u>66,285</u>	<u>7,574,016</u>
<b>Expenditure on:</b>				
Raising funds	4(a)	( 214,831 )	-	( 214,831 )
Charitable activities	4(b)	( 7,912,057 )	( 130,320 )	( 8,042,377 )
<b>Total</b>		<u>( 8,126,888 )</u>	<u>( 130,320 )</u>	<u>( 8,257,208 )</u>
<b>Net expenditure</b>		( 619,157 )	( 64,035 )	( 683,192 )
<b>Transfers between funds</b>		( 9,605 )	9,605	-
<b>Other recognised gains:</b>				
Actuarial gains on defined benefit pension schemes	14	7,687,000	-	7,687,000
<b>Net movement in funds</b>		<u>7,058,238</u>	<u>( 54,430 )</u>	<u>7,003,808</u>
<b>Reconciliation of funds</b>				
Total funds brought forward		( 804,703 )	244,397	( 560,306 )
<b>Total funds carried forward</b>		<u>6,253,535</u>	<u>189,967</u>	<u>6,443,502</u>

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

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

## CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 Unrestricted Funds £	2023 Restricted Funds £	2023 Total Funds £
<b>Incoming resources from:</b>				
Grants		1,162,000	66,285	1,228,285
Charitable activities		4,967,206	-	4,967,206
Other	3	1,163,694	-	1,163,694
<b>Total</b>		<u>7,292,900</u>	<u>66,285</u>	<u>7,359,185</u>
<b>Expenditure on:</b>				
Charitable activities	4(b)	<u>( 7,912,057 )</u>	<u>( 130,320 )</u>	<u>( 8,042,377 )</u>
<b>Total</b>		<u>( 7,912,057 )</u>	<u>( 130,320 )</u>	<u>( 8,042,377 )</u>
<b>Net expenditure</b>		( 619,157 )	( 64,035 )	( 683,192 )
<b>Transfers between funds</b>		( 9,605 )	9,605	-
<b>Other recognised gains:</b>				
Actuarial gains on defined benefit pension schemes	14	<u>7,687,000</u>	-	<u>7,687,000</u>
<b>Net movement in funds</b>		<u>7,058,238</u>	<u>( 54,430 )</u>	<u>7,003,808</u>
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>( 804,703 )</u>	<u>244,397</u>	<u>( 560,306 )</u>
<b>Total funds carried forward</b>		<u>6,253,535</u>	<u>189,967</u>	<u>6,443,502</u>

## CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

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

## CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		673,377		832,379
<b>Current assets</b>					
Stocks	9	13,479		13,474	
Debtors	10	443,809		505,913	
Cash at bank and in hand		968,236		987,958	
		1,425,524		1,507,345	
<b>Creditors: amounts falling due within one year</b>	11	( 1,254,003 )		( 1,421,074 )	
<b>Net current assets / liabilities</b>			171,521		86,271
<b>Total assets less current liabilities</b>			844,898		918,650
<b>Creditors: amount falling due after more than one year</b>	11		( 260,396 )		( 307,808 )
<b>Provisions for liabilities</b>	13		( 16,000 )		( 43,148 )
<b>Net assets excluding pension liability</b>			568,502		567,694
<b>Pension scheme asset / (liability)</b>	14		5,875,000		( 1,128,000 )
<b>Net assets including pension liability</b>			6,443,502		( 560,306 )
<b>The Funds of the Charity:</b>					
Unrestricted income funds excluding pension liability	17		378,535		323,297
Restricted funds	17		189,967		244,397
Pension provision	17		5,875,000		( 1,128,000 )
<b>Total funds of the charity</b>			6,443,502		( 560,306 )

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: 25 September 2023

Company Registration No. SC223197



## CHARITABLE COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		673,377		832,379
Investments			<u>1</u>		<u>1</u>
			673,378		832,380
<b>Current assets</b>					
Stocks	9	5,448		6,410	
Debtors	10	451,839		512,976	
Cash at bank and in hand		<u>968,236</u>		<u>987,958</u>	
		1,425,523		1,507,344	
<b>Creditors: amounts falling due within one year</b>	11	<u>( 1,254,003 )</u>		<u>( 1,421,074 )</u>	
<b>Net current assets</b>			<u>171,520</u>		<u>86,270</u>
<b>Total assets less current liabilities</b>			844,898		918,650
<b>Creditors: amount falling due after more than one year</b>	11		( 260,396 )		( 307,808 )
<b>Provisions for liabilities</b>	13		<u>( 16,000 )</u>		<u>( 43,148 )</u>
<b>Net assets excluding pension liability</b>			568,502		567,694
<b>Pension scheme asset / (liability)</b>	14		<u>5,875,000</u>		<u>( 1,128,000 )</u>
<b>Net assets including pension liability</b>			<u>6,443,502</u>		<u>( 560,306 )</u>
<b>The Funds of the Charity:</b>					
Unrestricted income funds excluding pension liability	17		378,535		323,297
Restricted funds	17		189,967		244,397
Pension provision	17		<u>5,875,000</u>		<u>( 1,128,000 )</u>
<b>Total funds of the charity</b>			<u>6,443,502</u>		<u>( 560,306 )</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: 25 September 2023

Company Registration No. SC223197

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
<b>Cash flows from operating activities</b>			
<b>Net cash provided by / (used in) Operating activities</b>	<b>24</b>	127,881	577,236
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		<u>( 101,637 )</u>	<u>( 52,897 )</u>
<b>Net cash used in investing activities</b>		( 101,637 )	( 52,897 )
<b>Cash flows from financing activities</b>			
Repayments of borrowing		<u>( 45,966 )</u>	<u>( 45,950 )</u>
<b>Net cash used in financing activities</b>		<u>( 45,966 )</u>	<u>( 45,950 )</u>
<b>Net change in cash and cash equivalents in the reporting period</b>		( 19,722 )	478,389
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>987,958</u>	<u>509,569</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>968,236</u>	<u>987,958</u>

## CHARITABLE COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
<b>Cash flows from operating activities</b>			
<b>Net cash provided by / (used in) Operating activities</b>	<b>24</b>	127,881	577,236
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		<u>( 101,637 )</u>	<u>( 52,897 )</u>
<b>Net cash used in investing activities</b>		( 101,637 )	( 52,897 )
<b>Cash flows from financing activities</b>			
Repayments of borrowing		<u>( 45,966 )</u>	<u>( 45,950 )</u>
<b>Net cash used in financing activities</b>		<u>( 45,966 )</u>	<u>( 45,950 )</u>
<b>Net change in cash and cash equivalents in the reporting period</b>		( 19,722 )	478,389
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>987,958</u>	<u>509,569</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>968,236</u></u>	<u><u>987,958</u></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 2026 which includes details on the mitigation of the energy bill crisis.

Given the current inflationary cost increases the management of the charity are constantly revising projections, assessing the impact and discussing in full with the Council.

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 – recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- 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:

<b>Asset Category</b>	<b>Annual rate</b>
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 2023 the subsidiary made a profit of £159,242.

**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 probably current stock holdings, due to slow movements, are likely to become obsolete or spoiled.

**Bad Debts**

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

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

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

**Classification of Leases**

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



3. Other Income – Group

	2023 Unrestricted Funds £	2023 Restricted Funds £	2023 Total Funds £
Management Fee	927,452	-	927,452
Additional funding from Inverclyde Council	77,000	-	77,000
	1,004,452	-	1,004,452

Other Income – Group (Comparative)

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

Other Income – Charity

	2023 Unrestricted Funds £	2023 Restricted Funds £	2023 Total Funds £
Management Fee	927,452	-	927,452
Additional funding from Inverclyde Council	77,000	-	77,000
Gift Aid Distribution received from Inverclyde Leisure Trading Services Ltd	159,242	-	159,242
	1,163,694	-	1,163,694

Other Income – Charity (Comparative)

	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

**4a. Expenditure on Raising Funds**

	<b>2023</b> <b>Unrestricted</b> <b>Funds</b> £	<b>2023</b> <b>Restricted</b> <b>Funds</b> £	<b>2023</b> <b>Total</b> <b>Funds</b> £
Waterfront Café	56,454	-	56,454
Ravenscraig Café	43,341	-	43,341
Boglestone Café	29,250	-	29,250
Whinhill Golf Club	17,591	-	17,591
Indoor Bowling	9,559	-	9,559
Other goods for Resale	58,529	-	58,529
Repair Costs	( 1,106 )	-	( 1,106 )
Other Costs	1,213	-	1,213
	<u>214,831</u>	<u>-</u>	<u>214,831</u>

**Expenditure on Raising Funds - (Comparative)**

	<b>2022</b> <b>Unrestricted</b> <b>Funds</b> £	<b>2022</b> <b>Restricted</b> <b>Funds</b> £	<b>2022</b> <b>Total</b> <b>Funds</b> £
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
	<u>188,038</u>	<u>-</u>	<u>188,038</u>

**4b. Expenditure on Charitable Activities**

	<b>2023</b> <b>Unrestricted</b> <b>Funds</b> £	<b>2023</b> <b>Restricted</b> <b>Funds</b> £	<b>2023</b> <b>Total</b> <b>Funds</b> £
Pool and Material Costs	31,231	-	31,231
Employment Costs	4,042,061	69,814	4,111,875
Operating Leases	67,173	-	67,173
Property Costs	1,918,148	678	1,918,826
Staff Related Costs	19,977	-	19,977
Office Costs	241,007	-	241,007
Finance Costs	209,513	-	209,513
Depreciation	200,644	59,995	260,639
Irrecoverable VAT	386,091	-	386,091
Special Events	16,873	-	16,873
Other Costs	42,869	( 167 )	42,702
Legal & Professional Fees	5,343	-	5,343
Audit Fees	36,810	-	36,810
Costs Associated with Pension Scheme	684,000	-	684,000
Interest Payable	10,317	-	10,317
	<u>7,912,057</u>	<u>130,320</u>	<u>8,042,377</u>

4b. Expenditure on Charitable Activities - (Comparative)

	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
	<u>7,476,035</u>	<u>129,063</u>	<u>7,605,098</u>

5. Operating Surplus

	2023 £	2022 £
The surplus is stated after charging –		
Auditor's Remuneration	10,750	10,500
Impairment of Tangible Fixed Assets	-	51,768
Depreciation of Tangible Fixed Assets	<u>260,639</u>	<u>294,179</u>

The auditor did not provide any non-audit services in 2023 or 2022.

6. Interest Payable

	2023 £	2022 £
Loan interest paid	<u>10,317</u>	<u>11,718</u>

7. Group & Charity Tangible Fixed Assets

	Tenants Improvements £	Plant & Machinery £	Fixtures & Fittings £	Gym Equipment £	Total £
<b>Cost</b>					
At 1 April 2022	2,478,494	151,555	643,423	986,641	4,260,113
Additions	46,755	19,930	20,906	14,046	101,637
At 31 March 2023	2,525,249	171,485	664,329	1,000,687	4,361,750
<b>Depreciation</b>					
At 1 April 2022	1,774,614	132,207	612,845	908,068	3,427,734
Charge for the year	183,118	12,517	25,077	39,927	260,639
At 31 March 2023	1,957,732	144,724	637,922	947,995	3,688,373
<b>Net Book Value</b>					
At 31 March 2023	567,517	26,761	26,407	52,692	673,377
At 31 March 2022	703,880	19,348	30,578	78,573	832,379

8. Fixed Asset Investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 April 2022 & at 31 March 2023	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	%
<b>Subsidiary Undertaking</b> Inverclyde Leisure Trading Services Ltd.	Scotland	Ordinary	100.00

9. Stocks

	2023		2022	
	Group £	Charity £	Group £	Charity £
Materials & Consumables	13,479	5,448	13,474	6,410

10. Debtors

	2023		2022	
	Group £	Charity £	Group £	Charity £
Trade Debtors	249,938	249,938	283,668	283,668
Amounts Owed by Subsidiary Undertakings	-	8,030	-	7,063
Prepayments and Accrued Income	131,495	131,495	146,283	146,283
Other Debtors	62,376	62,376	75,962	75,962
	<u>443,809</u>	<u>451,839</u>	<u>505,913</u>	<u>512,976</u>

11. Creditors: Amounts Falling Due Within One Year

	2023		2022	
	Group £	Charity £	Group £	Charity £
Inverclyde Council Loan	47,412	47,412	45,966	45,966
Trade Creditors	788,080	788,080	852,754	852,754
Taxes and Social Security Costs	46,678	46,678	57,974	57,974
Other Creditors	29,667	29,667	29,858	29,858
Accruals	342,166	342,166	434,522	434,522
	<u>1,254,003</u>	<u>1,254,003</u>	<u>1,421,074</u>	<u>1,421,074</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

	2023		2022	
	Group £	Charity £	Group £	Charity £
Inverclyde Council Loan	<u>260,396</u>	<u>260,396</u>	<u>307,808</u>	<u>307,808</u>

12. Loans

	2023		2022	
	Group £	Charity £	Group £	Charity £
Inverclyde Council Loans Comprise:				
Amounts Repayable Within Five Years	252,460	252,460	244,764	244,764
After More Than Five Years	55,348	55,348	109,010	109,010
	<u>307,808</u>	<u>307,808</u>	<u>353,774</u>	<u>353,774</u>
Included in Creditors –				
Amounts Falling Due Within One Year	<u>47,412</u>	<u>47,412</u>	<u>45,966</u>	<u>45,966</u>

13. Provisions for Liabilities

	2023		2022	
	Group £	Charity £	Group £	Charity £
Contracted maintenance	<u>16,000</u>	<u>16,000</u>	<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 2023.

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 2023 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.

<b>Key Assumptions:</b>	<b>2023</b>	<b>2022</b>
	%	%
Discount rate	4.75	2.75
Expected rate of increase of pensions in payment	2.95	3.15
Expected rate of salary increases	<u>4.01</u>	<u>2.75</u>
<b>Mortality Assumptions:</b>	<b>2023</b>	<b>2022</b>
	Years	Years
Assumed life expectations on retirement at age 65:		
Current Pensioners		
- Males	19.3	19.6
- Females	<u>22.2</u>	<u>22.4</u>
Future Pensioners		
- Males	20.5	21.0
- Females	<u>24.2</u>	<u>24.5</u>
<b>Amounts Recognised in the Profit &amp; Loss Account:</b>	<b>2023</b>	<b>2022</b>
	£	£
Current service cost	1,145,000	1,290,000
Past service cost	-	39,000
Net interest on defined benefit liability	<u>39,000</u>	<u>80,000</u>
Total costs	<u>1,184,000</u>	<u>1,409,000</u>
<b>Amounts Taken to Other Comprehensive Income</b>	<b>2023</b>	<b>2022</b>
	£	£
Actual return on scheme assets	( 321,000 )	1,438,000
Less: calculated interest element	<u>( 561,000 )</u>	<u>( 381,000 )</u>
Return on scheme assets excluding interest income	( 882,000 )	1,057,000
Actuarial changes related to obligations	<u>8,569,000</u>	<u>2,193,000</u>
Total gain / (loss)	<u>7,687,000</u>	<u>3,250,000</u>

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:

	2023 £	2022 £
Present value of defined benefit obligations	14,380,000	21,354,000
Fair value of plan assets	<u>( 20,255,000 )</u>	<u>( 20,226,000 )</u>
(Asset)/Liability	<u>( 5,875,000 )</u>	<u>1,128,000</u>

**Movements in the present value of defined benefit obligations**

	2023 £
Liabilities at 1 April 2022	21,354,000
Current service cost	1,145,000
Past service cost	-
Benefits paid	( 304,000 )
Contributions from scheme members	154,000
Actuarial gains and losses	( 8,569,000 )
Interest cost	<u>600,000</u>
At 31 March 2023	<u>14,380,000</u>

**The defined benefit obligations arise from plans funded as follows:**

	2023 £
Wholly unfunded obligations	218,000
Wholly or partly funded obligations	<u>14,162,000</u>
	<u>14,380,000</u>

**Movements in the fair value of plan assets**

	2023 £
Fair value of assets at 1 April 2022	20,226,000
Interest income	561,000
Return on plan assets (excluding amounts included in net interest)	( 882,000 )
Benefits paid	( 304,000 )
Contributions by the employer	489,000
Contributions in respect of unfunded benefits	11,000
Contributions by scheme members	<u>154,000</u>
At 31 March 2023	<u>20,255,000</u>

**Fair value of plan assets at the reporting period end**

	2023 £	2022 £
Equity instruments	12,153,000	12,337,860
Debt instruments	5,671,400	5,258,760
Property	2,025,500	2,224,860
Cash	<u>405,100</u>	<u>404,520</u>
	<u>20,255,000</u>	<u>20,226,000</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 2023 the charity had 8 members.

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

	<b>General Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>
	£	£	£
Fixed Assets	493,391	179,986	673,377
Current Assets	1,415,543	9,981	1,425,524
Liabilities	( 1,530,399 )	-	( 1,530,399 )
Pension	5,875,000	-	5,875,000
	<u>6,253,535</u>	<u>189,967</u>	<u>6,443,502</u>

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

	<b>General Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>
	£	£	£
Fixed Assets	493,392	179,986	673,378
Current Assets	1,415,542	9,981	1,425,523
Liabilities	( 1,530,399 )	-	( 1,530,399 )
Pension Reserve	5,875,000	-	5,875,000
	<u>6,253,535</u>	<u>189,967</u>	<u>6,443,502</u>

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

	<b>General Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>
	£	£	£
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	( 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 - Comparative**

	<b>General Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>
	£	£	£
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	( 1,128,000 )	-	( 1,128,000 )
	<u>( 804,703 )</u>	<u>244,397</u>	<u>( 560,306 )</u>



17. Movements in Funds – Group and Charity

	Total Reserves £ 2023	Total Reserves £ 2022
Balance at 1 April 2022	( 560,306 )	( 2,944,048 )
Deficit for the year	( 683,192 )	( 866,258 )
Actuarial gain on pension scheme	7,687,000	3,250,000
	<u>6,443,502</u>	<u>( 560,306 )</u>

Analysis of Reserves	At 1 April 2022 £	Incoming Resources £	Transfers Between Funds £	Outgoing Resources £	At 31 March 2023 £
<b>Restricted Funds</b>					
Live Active Fund	-	60,000	9,605	( 69,605 )	-
Community Rehabilitation Fund	4,416	-	-	-	4,416
Ravenscraig Activity Centre Hearing Loop Funding	239,981	-	-	( 59,995 )	179,986
Vitality Fund	-	1,660	-	( 678 )	982
	-	4,625	-	( 42 )	4,583
<b>Total Restricted Funds</b>	<u>244,397</u>	<u>66,285</u>	<u>9,605</u>	<u>( 130,320 )</u>	<u>189,967</u>
<b>Unrestricted Funds</b>					
General Funds	314,737	7,292,900	( 1,045 )	( 7,228,057 )	378,535
Designated Fund – Move More	8,560	-	( 8,560 )	-	-
Pension Provision	( 1,128,000 )	7,687,000	-	( 684,000 )	5,875,000
<b>Total Unrestricted Funds</b>	<u>( 804,703 )</u>	<u>14,979,900</u>	<u>( 9,605 )</u>	<u>( 7,912,057 )</u>	<u>6,253,535</u>
<b>Total Funds</b>	<u>( 560,306 )</u>	<u>15,046,185</u>	<u>-</u>	<u>( 8,042,377 )</u>	<u>6,443,502</u>

Analysis of Reserves (Comparative)	At 1 April 2021 £	Incoming Resources £	Transfers Between Funds £	Outgoing Resources £	At 31 March 2022 £
<b>Restricted Funds</b>					
Live Active Fund	-	50,000	19,007	( 69,007 )	-
Community Rehabilitation Fund	4,416	-	-	-	4,416
Ravenscraig Activity Centre Vitality Fund	299,976	-	-	( 59,995 )	239,981
	4,896	5,000	( 9,835 )	( 61 )	-
<b>Total Restricted Funds</b>	<u>309,288</u>	<u>55,000</u>	<u>9,172</u>	<u>( 129,063 )</u>	<u>244,397</u>
<b>Unrestricted Funds</b>					
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 )
<b>Total Unrestricted Funds</b>	<u>( 3,253,336 )</u>	<u>9,933,840</u>	<u>( 9,172 )</u>	<u>( 7,476,035 )</u>	<u>( 804,703 )</u>
<b>Total Funds</b>	<u>( 2,944,048 )</u>	<u>9,988,840</u>	<u>-</u>	<u>( 7,605,098 )</u>	<u>( 560,306 )</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.

**Hearing Loop Fund**

Funds received in the year to fund the installation of a hearing loop system.

**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. This fund finished during the year.

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

**18. Financial Commitments**

At 31 March 2023 the charity was committed to making the following payments under non-cancellable operating leases:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Within 1 year	12,000	12,000
Within 2-5 years	48,000	48,000
Over 5 years	288,000	300,000
	<hr/>	<hr/>

This relates to a lease which expires in 2052.

**19. Trustees' Emoluments**

During the year, one trustee that served during the year received emoluments (including ER NIC and Pension Contributions) from the charity. Robert McVitie received remuneration of £54,453 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 £927,452 (2022 - £941,716 ) to the Charity by payment of a management fee, and £77,000 of additional funding (2022 – £Nil).

The Charity occupied facilities and paid leasing charges and rental to Inverclyde Council of £12,000 (2022 - £12,000). In addition, the Council provided financial and administrative support to the Charity and its subsidiary at a cost of £11,000 (2022 - £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	£10,761
Carly Vango	£9,464

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 £325,195 (2022 - £320,265). This figure includes Gross Salary, Benefits, Employers Pension Contribution and Employer NIC costs. The 2022 figures included 4 members of staff and the 2023 figures include 4 members of staff.

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

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Net (expenditure) for the reporting period (as per the Statement of financial activities)	(683,192 )	( 866,258 )
Adjustments for:		
Depreciation charges	260,639	294,179
Impairment	-	51,768
(Increase) in stock	( 5 )	( 5,126 )
Decrease in debtors	62,104	10,766
(Decrease) / Increase in creditors within one year	( 168,517 )	179,759
(Decrease) / Increase in provisions	( 27,148 )	43,148
Finance cost of defined benefit pension	684,000	869,000
	<u>127,881</u>	<u>577,236</u>

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

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Net (expenditure) for the reporting period (as per the Statement of financial activities)	( 683,192 )	( 866,258 )
Adjustments for:		
Depreciation charges	260,639	294,179
Impairment	-	51,768
Decrease / (Increase) in stock	962	( 1,025 )
Decrease in debtors	61,137	6,665
(Decrease) / Increase in creditors within one year	( 168,517 )	179,759
Increase in provisions	( 27,418 )	43,148
Finance cost of defined benefit pension	684,000	869,000
	<u>127,881</u>	<u>577,236</u>

**25. Employees**

The average monthly number of persons employed by the charity during the year was 259 (2022 – 235).

**26. Analysis of Salary Costs**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Gross Wages	3,429,175	3,144,963
Employers NIC	215,144	199,438
Employers Pension Contributions	467,556	453,853
	<u>4,111,875</u>	<u>3,798,254</u>

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

	<b>2023</b>	<b>2022</b>
£60,001 to £70,000	2	2
£70,001 to £80,000	1	1
£90,001 to £100,000	0	0
£110,001 to £120,000	1	1

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