

INVERCLYDE LEISURE
TRUSTEES REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

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
C. Beaton

SECRETARY

A. Lavelle

COMPANY NUMBER

SC223197

CHARITY NUMBER

SC032161

REGISTERED OFFICE

Waterfront Leisure Complex
Customhouse Way
Greenock
Inverclyde PA15 1EW

AUDITORS

Welsh Walker Limited
179A Dalrymple Street
Greenock PA15 1BX

BANKERS

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

SOLICITORS

Patten & Prentice
2 Ardgowan Square
Greenock PA16 8PP

INVERCLYDE LEISURE

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REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2024

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 2024 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 2024 (Cont'd)**Achievements and performance**

The performance and the results in the year highlight the real difference the company makes in the community we serve with the company achieving 92% of its planned objectives during the year.

The year was fantastic in terms of customer visits with an increase of 100,000 visits from the previous year. This growth was promoted by an increase in social media presence with Facebook reach up 71.8%, Instagram reach up 76.8% and our content interactions up 47.5% against the previous year.

Identifying with our customers and delivering products and services they enjoy was crucially important to the company and in the year, we proactively encouraged feedback to improve the services the company delivers.

Financially, the company had a successful year driving income and exceeding budget expectations whilst navigating inflationary cost pressures, investing in essential repairs and maintenance as well as upgrading facilities.

This increase in performance, however, could not have been achieved without our greatest asset, the dedication of the team. From the frontline staff who greet our members and customers with a smile, to the dedicated teams that ensure the smooth operation of our facilities, every individual plays a vital role in our success.

Corporately the team delivered some great initiatives. The company embedded the Employee Development Framework by linking the values of the company to clearly defined behaviours. The company trained and developed employees improving competency and capability within the organisation allowing for potential promotion of employees from within.

Marketing took a real leap forward in the year with the development and launch of the One Life membership; a transformative rebranding of our existing Fitness Plus membership. This new all-inclusive lifestyle membership was designed with the customer at its heart by aiming to provide unparalleled value and convenience for members. The One Life membership grants access to gyms, swimming pools, saunas, steam rooms and group fitness classes. Beyond the extensive access to facilities, the One Life membership offers added value through exclusive perks and discounts on a range of additional products and services.

The company also developed a new package for the Under 25s expanding our original 21-10 membership program to create the Under 25 Fitness membership by providing an inclusive and affordable option for this key demographic. The Under 25 Fitness membership offers access to gyms, swimming pools, saunas, steam rooms, and group fitness classes. By extending these comprehensive fitness and wellness services to young adults, we ensure that they have the resources and support necessary to maintain a healthy and active lifestyle during a pivotal stage of their lives.

As part of marketing planning the company then combined these new products into the 'What's Your Why' campaign. This was a significant milestone for IL, breaking down barriers and spotlighting authentic member stories. By focusing on real people, their emotions, and motivations, we created a campaign that resonated deeply with our community. The campaign aimed to promote our One Life, Fitness for Less, Under 25s and Strength Shed memberships.

Another big step forward in the year was the development of the Showcase brand which reinforced our commitment to deliver exceptional events at our Town Halls. Recognising the growing demand for diverse entertainment, we focused on improving the branding around IL Showcase to better capture its unique offerings and appeal to a broader audience.

During the year the company achieved cyber security essential accreditation. This ensured IL were operating with best practice and compliances with data protection and GDPR. The IL App was also reskinned to update and refresh the look and feel in line with the new membership offerings and marketing campaigns. The company conducted a digital audit with UK Active, moving from 'digitally established' to 'digital leaders' with the audit scoring improving from 69% to 87%.

The company continued to develop preventive and reactive maintenance repairs in the year. This included the replacement of items from both IL and our partners at IC: the movable floor at the Waterfront, new high level LED lights, painting and locker upgrades, replacement lift at the town halls, pitches upgrades, fitness upgrades, painting, pumps, boilers, emergency lights, CCTV and fire alarms at the Waterfront amongst other items.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2024 (Cont'd)**Achievements and performance (cont'd)**

Business development took the lead and delivered regular performance meetings with the team focussing on all commercial income areas such as memberships, swim school, skate school, climbing club and birthday parties. A big step forward in the year was the development of site-specific growth plans at Birkmyre, Port Glasgow Pool, the Town Halls and the Waterfront Studios that led to some new initiatives being developed.

The company also developed AI sales prospecting and sales management. The AI sales prospecting software assists the team in the customer contact centre to help manage enquires and transition through to membership process. The technology can self-learn and be trained to assist customers with answers to questions on facilities, opening times, prices and straight through to joining online. The AI Agents work 24/7, providing instant responses with natural human language, by engaging in a WhatsApp or messenger conversation that responds to the customer instantly with natural, personalised conversation.

Customer service continued to be driven in the year through our teams delivering front line services. This resulted in great feedback through the WOW awards and good customer survey results. That resulted in 6% above the national benchmark for satisfaction and a Net Promotor Score of 70%.

Results continued to be favourable in our pursuit of good quality management with both QMS audits and Health and Safety audits performing 4% above target.

Operationally, the sites and services performed well. Notably the Live Active programme which brought in extra funding to upskill employees to enable them to deliver more specialised classes aimed at those living with and in recovery from serious illness.

The team also enhanced existing partnerships with health professionals and other agencies including third sector organisations promoting the Live Active and Vitality programmes via outreach with various local community groups.

The focus for the Town Halls in the first part of the year was realigning the halls to perform more cost effectively. The company also tendered the catering to First Choice Catering. An extensive area of development in the year was growing the showcase brand to attract more events to the halls, being mindful that at some point vaccine income will likely be reduced.

Bookings for parks pitches and the athletic stadium increased nearing capacity at peak times for many of the facilities. Several key events took place in the year, this included the Scottish Home International at Parklea that included teams from all over the UK.

The company's main leisure facility at the Waterfront went from strength to strength with key areas of growth in memberships and children's activities. This resulted in an increase in usage of 12% against prior year. The facility also remodelled the café menu and launched the very popular ASN session in the studio. The facility also managed to secure some of the Disney cruise ship passengers for a booking on the curling rink amongst many other initiatives and activities in the year.

Port Glasgow Pool and Express Fitness increased their Live Active client base by utilising the fitness studio and continued to develop swimming at the facility. The Otters continued to use the facility for swimming, creating a safe and welcoming environment for all ages with physical disabilities and learning difficulties.

At Gourock Pool and Gym, the company remodelled the gym area with new state of the art Technogym Equipment, LED lighting and painted areas to improve the customer journey. The new layout helped develop the group fitness classes introducing teens that lift which is a class specifically designed for teenagers wanting to learn how to correctly use weights and gain confidence in resistance training in a small group environment. At the pool, the company continued to run and expand the events including the triathlon, doggy swim, and starlight swims.

The investment continued at Boglestone Gym by adding new pure strength equipment, new LED lighting and decoration. The centre operated some very popular events in the soft play as well as parties and general usage. The facility also worked in partnership with the Council delivering the Warm Hands initiative.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2024 (Cont'd)**Achievements and performance (cont'd)**

Birkmyre also had a gym remodel, including brand-new flooring throughout the gym, upgrade to the weights area, painting works, refurbishment of health suite and installation of LED lights. This helped continue activities such as the silver sessions and resulted in a 10% uplift in usage in the year.

Lady Octavia continued to be a hub for local football operating lots of key events in the year. During the year Inverclyde Council refurbished the five-a-side pitches, helping increase pitch bookings. The centre also put on some great events and programmes such as Bounce with Barbie, Learn to Cycle and Warm Hands fun sessions.

Greenock Sports Centre developed some new initiatives such as Ladies that Lift, X-Training, multisport programs and Warm Hands family fun session. Another huge success at the sports centre was the Strength Shed with a 7% increase in usage on the previous year.

Ravenscraig Activity Centre increased gym membership to over 1,000 in the year and hosted several key events such as a Comedy Club session, Breakfast with the Easter Bunny, Halloween Disco, Story Time with the Elves, Cocomelon and Breakfast with Santa.

The Indoor Bowling delivered ASN sessions at the center and facilitated several events such as the Scottish Junior Bowls Championships and the Scottish Top 10 competition, which features the top bowling teams in the Scotland. This resulted in an increase in usage from the previous year of 12%.

Whinhill had a successful golf season with an increase in membership from the previous year with various competitions running throughout the year. Investment continued following the internal renovations completed last season which improved the starter's box and changing facilities, to the exterior of the clubhouse. This project included removing and renewing the render, installing new fascia boards and fully redecorating the building's exterior funded by the Council.

It has been a good year for the company and has helped cement a strong foundation to build upon. This, however, could not have been successfully achieved without the fantastic employees, committed customers, proactive Directors and a great partnership with Inverclyde Council.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2024 (Cont'd)

Financial Review

The operating surplus in the year was £8,008.

After adjusting for other income and costs relating to the Defined Benefit Pension fund, Inverclyde Leisure reported total surplus of £283,008. However, the company benefited from an actuarial gain in the year of £1,338,000 resulting in an overall increase in reserves of £1,621,008.

Inverclyde Leisure are reporting total funds of the charity of £8,064,510.

Total additional funding received from Inverclyde Council totalled £209,000.

The management fee was £601,419.

The 2022/2023 accounts noted the agreement that from the 1st April 2023 Inverclyde Council would pay the gas and electricity charges for the majority of Inverclyde Leisure's sites. The estimated cost to the Council at that point was £1.287m.

Trading Subsidiary Performance

Trading performed strongly in the year and reported a profit of £150,301 which has been transferred to the charity account.

Restricted Funds

The Charity currently hold balances on four restricted funds totalling £133,928. The majority of the balance, £119,991, 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 2024 (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 2023/2024 was 9.2% down on last year (12.2% 2022/23). In 2023/24 £77,820 (2022/23 £64,625) 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 company's three year 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 £442,582 at 31 March 2024 compared to £378,535 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 2023/24 actuarial report shows a £7,488,000 pension asset as at 31 March 2024 (£5,875,000 liability 2022/23).

The increase in the asset 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 2024 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.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2024 (Cont'd)**Plans for future periods**

The company is now in year two of an agreed three year strategic plan (2023/24 to 2025/26).

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.

Year two will see Inverclyde Leisure continue to focus on growth. To drive this growth the company will roll out the allocation of organic growth plans to more sites, drive programme initiatives and leverage new opportunities.

During the coming year the company will continue to focus on engagement with our employees, customers and stakeholders and we will aim to further grow our customer base.

Employee engagement will remain a key focus for Inverclyde Leisure. We will continue to review our staff handbook to ensure that it remains fit for purpose, and we will ensure that each staff member undertakes two Employee Development reviews during the year.

The company will introduce a new recruitment process based on company values and our Employee Development Framework.

Marketing remains an important priority and we will continue to develop strategic support from Bigwave Marketing. Ongoing improvement of our marketing strategies promoting the awareness of our services within the local community focusing on real people doing real activities. This will include updating our annual promotions calendar both corporately and brand specific, thereby creating engaging organic content across all our social media platforms. The company will create video content highlighting the community benefits and the wellbeing and holistic benefits of physical activity. We also plan to redevelop the website.

The company will continue to use various advertising methods where appropriate including YouTube, Twitter, Instagram, Facebook, Snap Chat, TikTok, Sky, Virgin Media, target Royal Mail leaflet distribution, billboards, internal and external point of sale, eMarketing, SMS and landing pages to assist with membership retention and attract new customers.

From an IT perspective, the company will retender the club leisure management system and review the CRM journey. In the year the company will continue with a computer hardware upgrade programme to ensure compliance and will utilise more functionality from the Inverclyde Leisure App including member acquisition and member retention.

Business development will be a central part of the company's organic growth strategy. Main priorities will include the review of programmes at Parks and Pitches, Ravenscraig Athletics Track, Boglestone and the Waterfront Gym and Pool.

Regular KPI performance review and planning meetings will continue, focussing on income areas such as Memberships, Swim School, Skate School, Climbing Club and Birthday Parties. The company will also review group fitness programmes within all sites and look at a modernisation programme utilising digital opportunities.

A good working relationship with Inverclyde Council is key and we will work with the Council to achieve good communication both strategically and operationally.

Customer service remains integral to Inverclyde Leisure's business model. The company will organise customer service training for all customer facing roles and develop more video content to help educate customers and staff on the company's products and services.

The company will drive and promote Net Promoter Score (NPS) feedback at sites and focus on maintaining strong levels of performance against national benchmarking.

FOI enquiries will be processed within the timescales allowed and the company will report to the Council on all formal complaints received.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2024 (Cont'd)**Plans for future periods (cont'd)**

Inverclyde Leisure will continue our close partnership with Right Directions, reviewing our policies and procedures and ensure company compliance through external audits and health and safety management systems.

The company's health and safety corporate average score for the coming year is targeted at 75% and the quality average audit score is targeted at 75%. Senior managers will continue to work closely with facility managers to help assist in the achievement of these standards.

The company will plan training to ensure that all employees receive role appropriate training such as First Aid, COSHH, IOSH and Pool Plant training through a blended system of e-learning and course attendance and will further develop the Staff Mis system.

The company will continue to build on partnerships with the NHS and local organisations to deliver our health and wellbeing service aimed at those most vulnerable in the community.

Inverclyde Leisure will also continue to promote Live Active memberships to all those entering the Live Active Programme. We will negotiate with the NHS to secure funding for the Live Active and Vitality beyond March 2025.

Community Services has an important role by providing a variety of town halls and community centres that can be hired for community use and events. A key focus of this year will be to ensure appropriate structure particularly around the voluntary managed halls.

A review will be carried out of the booking systems for all major events and functions. The company will also undertake an annual review with our new catering and bar services contractor.

Inverclyde Leisure will continue to work with and support our community centres and voluntary managed sites and work with the Council to deliver summer playschemes.

Parks and pitches will see us look at opportunities for off peak usage and schedule regular individual touch points and meetings with clubs to ensure good communication.

Skate and Swim schools will aim to increase growth in line with 1–5-year projections.

The fitness facilities will target growth of membership in partnership with our customer contact centre with an emphasis on growing our One Life membership packages. We will endeavour to grow all memberships in line with 1–5-year forecasts.

Gourock Pool will be opened for a full season with plans to increase activities and classes at the facility.

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

This year we will build on the progress made in year one of the three-year Strategic Plan and ensure that we continue to offer a first class service to all our customers and stakeholders.

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2024 (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:

W. Hawthorne
R. McVitie
C. Jewell (resigned 29th May 2023)
J. Clocherty
G. Brooks
P. Gupta
L. Quinn
E. Cameron
S. Reynolds
C. Beaton (appointed 26th September 2023)

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2024 (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 2024 (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

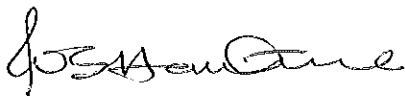
In accordance with the company's articles, a resolution proposing that Welsh Walker Limited be reappointed as auditor of the company will be put at a General Meeting.

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

DATE 23 September 2024

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 2024 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 2024 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 (included in the Trustee's Report), 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.

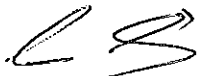
Our procedures to respond to the risks identified included the following:

- 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: 23 September 2024

179A Dalrymple Street
Greenock
PA15 1BX

CONSOLIDATED INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Income		6,204,238	6,345,731
Cost of sales		(4,539,637)	(4,425,003)
Gross Surplus		1,664,601	1,920,728
Administrative expenses		(2,013,111)	(3,137,888)
Other operating income		365,399	1,228,285
Operating Surplus	5	16,889	11,125
Interest payable and similar charges		(8,881)	(10,317)
Operating Surplus after interest		8,008	808
Other finance income / (costs)		275,000	(684,000)
Surplus / (Deficit) for the financial year		<u>283,008</u>	<u>(683,192)</u>
Where of:			
Inverclyde Leisure		132,707	(842,434)
Inverclyde Leisure Trading Services Ltd		<u>150,301</u>	<u>159,242</u>
		<u>283,008</u>	<u>(683,192)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Surplus / (Deficit) for the financial year		283,008	(683,192)
Actuarial gain on pension scheme	14	<u>1,338,000</u>	<u>7,687,000</u>
Total gains recognised since last financial statements		<u><u>1,621,008</u></u>	<u><u>7,003,808</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 Unrestricted Funds £	2024 Restricted Funds £	2024 Total Funds £
Incoming resources from:				
Grants		287,571	77,828	365,399
Charitable activities		5,205,908	-	5,205,908
Other trading activities		396,911	-	396,911
Other	3	601,419	-	601,419
Total		6,491,809	77,828	6,569,637
Expenditure on:				
Raising funds	4(a)	(246,610)	-	(246,610)
Charitable activities	4(b)	(5,886,316)	(153,703)	(6,040,019)
Total		(6,132,926)	(153,703)	(6,286,629)
Net income / (expenditure)		358,883	(75,875)	283,008
Transfer Between Funds		(19,836)	19,836	-
Other recognised gains:				
Actuarial gains on defined benefit pension schemes	14	1,338,000	-	1,338,000
Net movement in funds		1,677,047	(56,039)	1,621,008
Reconciliation of funds				
Total funds brought forward		6,253,535	189,967	6,443,502
Total funds carried forward		7,930,582	133,928	8,064,510

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2024

COMPARATIVE YEAR

	Notes	2023 Unrestricted Funds £	2023 Restricted Funds £	2023 Total Funds £
Incoming resources from:				
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
Total		<u>7,507,731</u>	<u>66,285</u>	<u>7,574,016</u>
Expenditure on:				
Raising funds	4(a)	(214,831)	-	(214,831)
Charitable activities	4(b)	(7,912,057)	(130,320)	(8,042,377)
Total		<u>(8,126,888)</u>	<u>(130,320)</u>	<u>(8,257,208)</u>
Net expenditure		(619,157)	(64,035)	(683,192)
Transfers between funds		(9,605)	9,605	-
Other recognised gains:				
Actuarial gains on defined benefit pension schemes	14	7,687,000	-	7,687,000
Net movement in funds		<u>7,058,238</u>	<u>(54,430)</u>	<u>7,003,808</u>
Reconciliation of funds				
Total funds brought forward		(804,703)	244,397	(560,306)
Total funds carried forward		<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 2024

	Notes	2024 Unrestricted Funds £	2024 Restricted Funds £	2024 Total Funds £
Incoming resources from:				
Grants		287,571	77,828	385,235
Charitable activities		5,205,908	-	5,186,072
Other	3	751,720	-	751,720
Total		<u>6,245,199</u>	<u>77,828</u>	<u>6,323,027</u>
Expenditure on:				
Charitable activities	4(b)	(5,886,316)	(153,703)	(6,040,019)
Total		<u>(5,886,316)</u>	<u>(153,703)</u>	<u>(6,040,019)</u>
Net income / (expenditure)		358,883	(75,875)	283,008
Transfers between funds		(19,836)	19,836	-
Other recognised gains:				
Actuarial gains on defined benefit pension schemes	14	1,338,000	-	1,338,000
Net movement in funds		<u>1,677,047</u>	<u>(56,039)</u>	<u>1,621,008</u>
Reconciliation of funds				
Total funds brought forward		<u>6,253,535</u>	<u>189,967</u>	<u>6,443,502</u>
Total funds carried forward		<u>7,930,582</u>	<u>133,928</u>	<u>8,064,510</u>

CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2024

COMPARATIVE YEAR

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

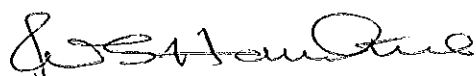
CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Fixed assets			
Tangible assets	7	562,220	673,377
Current assets			
Stocks	9	17,105	13,479
Debtors	10	555,526	443,809
Cash at bank and in hand		<u>753,372</u>	<u>968,236</u>
		1,326,003	1,425,524
Creditors: amounts falling due within one year	11	<u>(1,100,220)</u>	<u>(1,254,003)</u>
Net current assets / liabilities		<u>225,783</u>	<u>171,521</u>
Total assets less current liabilities		<u>788,003</u>	<u>844,898</u>
Creditors: amount falling due after more than one year	11	(211,493)	(260,396)
Provisions for liabilities	13	<u>-</u>	<u>(16,000)</u>
Net assets excluding pension liability		576,510	568,502
Pension scheme asset	14	<u>7,488,000</u>	<u>5,875,000</u>
Net assets including pension liability		<u>8,064,510</u>	<u>6,443,502</u>
The Funds of the Charity:			
Unrestricted income funds excluding pension liability	17	442,582	378,535
Restricted funds	17	133,928	189,967
Pension provision	17	<u>7,488,000</u>	<u>5,875,000</u>
Total funds of the charity		<u>8,064,510</u>	<u>6,443,502</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: 23 September 2024

Company Registration No. SC223197

CHARITABLE COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	£	2024	£	£	2023	£
Fixed assets							
Tangible assets	7			562,220			673,377
Investments	8			1			1
				562,221			673,378
Current assets							
Stocks	9		3,746			5,448	
Debtors	10		568,884			451,839	
Cash at bank and in hand			753,372			968,236	
			1,326,002			1,425,523	
Creditors: amounts falling due within one year	11		(1,100,220)			(1,254,003)	
Net current assets				225,782			171,520
				788,003			
Total assets less current liabilities							844,898
Creditors: amount falling due after more than one year	11			(211,493)			(260,396)
Provisions for liabilities	13			-			(16,000)
Net assets excluding pension liability				576,510			568,502
Pension scheme asset	14			7,488,000			5,875,000
Net assets including pension liability				8,064,510			6,443,502
The Funds of the Charity:							
Unrestricted income funds excluding pension liability	17			442,582			378,535
Restricted funds	17			133,928			189,967
Pension provision	17			7,488,000			5,875,000
Total funds of the charity				8,064,510			6,443,502

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: 23 September 2024

Company Registration No. SC223197

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Cash flows from operating activities			
Net cash (used in) / provided by Operating activities	24	(9,719)	127,881
Cash flow from investing activities			
Purchase of property, plant and equipment		<u>(156,242)</u>	<u>(101,637)</u>
Net cash used in investing activities		(156,242)	(101,637)
Cash flows from financing activities			
Repayments of borrowing		<u>(48,903)</u>	<u>(45,966)</u>
Net cash used in financing activities		(48,903)	(45,966)
Net change in cash and cash equivalents in the reporting period		(214,864)	(19,722)
Cash and cash equivalents at the beginning of the reporting period		<u>968,236</u>	<u>987,958</u>
Cash and cash equivalents at the end of the reporting period		<u>753,372</u>	<u>968,236</u>

CHARITABLE COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	£	2024	£	£	2023	£
Cash flows from operating activities							
Net cash (used in) / provided by Operating activities	24			(9,719)			127,881
Cash flow from investing activities							
Purchase of property, plant and equipment		(156,242)			(101,637)		
Net cash used in investing activities				(156,242)			(101,637)
Cash flows from financing activities							
Repayments of borrowing		(48,903)			(45,966)		
Net cash used in financing activities				(48,903)			(45,966)
Net change in cash and cash equivalents in the reporting period				(214,864)			(19,722)
Cash and cash equivalents at the beginning of the reporting period				968,236			987,958
Cash and cash equivalents at the end of the reporting period				<u>753,372</u>			<u>968,236</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. The funding was agreed following approval of the company's three year strategic plan and detailed financial forecasts.

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 dividend 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:

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

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

1.12 Impairment of Fixed Assets

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

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

1.13 Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

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

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

1.14 Debtors

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

1. Accounting Policies (cont'd)

1.15 Creditors and Provisions

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

1.16 Cash and Cash Equivalents

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

1.17 Financial Instruments

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

Basic Financial Assets

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

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

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

Classification of Financial Liabilities

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

Basic Financial Liabilities

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

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

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

1.18 Pensions

The Strathclyde Pension Fund is a multi-employer defined benefit scheme administered for the benefit of Local Authorities and other bodies and is managed in accordance with the Local Government Pension Scheme Regulations 2013 (as amended). Further information on the scheme can be found in note 14 to the accounts.

1. Accounting Policies (cont'd)

1.19 Employment Benefits

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

1.20 Trading Subsidiary

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

In the year to 31 March 2024 the subsidiary made a profit of £150,301 (2023 - £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 probable current stock holdings, due to slow movements, are likely to become obsolete or spoiled.

Bad Debts

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

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

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

Classification of Leases

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

3. Other Income – Group

	2024 Unrestricted Funds £	2024 Restricted Funds £	2024 Total Funds £
Management Fee	601,419	-	601,419
	601,419	-	601,419

Other Income – Group (Comparative)

	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 – Charity

	2024 Unrestricted Funds £	2024 Restricted Funds £	2024 Total Funds £
Management Fee	601,419	-	601,419
Gift Aid Distribution received from Inverclyde Leisure Trading Services Ltd	150,301	-	150,301
	751,720	-	751,720

Other Income – Charity (Comparative)

	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

4a. Expenditure on Raising Funds

	2024 Unrestricted Funds £	2024 Restricted Funds £	2024 Total Funds £
Waterfront Café	64,864	-	64,864
Ravenscraig Café	46,094	-	46,094
Boglestone Café	33,911	-	33,911
Whinhill Golf Club	26,158	-	26,158
Indoor Bowling	11,919	-	11,919
Other goods for Resale	62,689	-	62,689
Repair Costs	173	-	173
Other Costs	802	-	802
	<u>246,610</u>	<u>-</u>	<u>246,610</u>

Expenditure on Raising Funds - (Comparative)

	2023 Unrestricted Funds £	2023 Restricted Funds £	2023 Total Funds £
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>

4b. Expenditure on Charitable Activities

	2024 Unrestricted Funds £	2024 Restricted Funds £	2024 Total Funds £
Pool and Material Costs	31,383	-	31,383
Employment Costs	4,068,047	93,569	4,161,616
Operating Leases	101,003	-	101,003
Property Costs	878,435	-	878,435
Staff Related Costs	19,865	-	19,865
Office Costs	267,880	-	267,880
Finance Costs	223,735	-	223,735
Depreciation	207,404	59,995	267,399
Irrecoverable VAT	242,272	-	242,272
Special Events	22,701	-	22,701
Other Costs	42,162	139	42,301
Legal & Professional Fees	2,373	-	2,373
Audit Fees	35,280	-	35,280
Bad Debts	(3,500)	-	(3,500)
Unfunded Pensions & Actuarial Costs	13,395	-	13,395
Costs Associated with Pension Scheme	(275,000)	-	(275,000)
Interest Payable	8,881	-	8,881
	<u>5,886,316</u>	<u>153,703</u>	<u>6,040,019</u>

4b. Expenditure on Charitable Activities - (Comparative)

	2023 Unrestricted Funds £	2023 Restricted Funds £	2023 Total Funds £
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	214,463	-	214,463
Depreciation	200,644	59,995	260,639
Irrecoverable VAT	386,091	-	386,091
Special Events	16,873	-	16,873
Other Costs	37,919	(167)	37,752
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>

5. Operating Surplus

	2024 £	2023 £
The surplus is stated after charging –		
Auditor's Remuneration	11,500	10,750
Depreciation of Tangible Fixed Assets	<u>267,399</u>	<u>260,639</u>

The auditor did not provide any non-audit services in 2024 or 2023.

6. Interest Payable

	2024 £	2023 £
Loan interest paid	<u>8,881</u>	<u>10,317</u>

7. Group & Charity Tangible Fixed Assets

	Tenants Improvements £	Plant & Machinery £	Fixtures & Fittings £	Gym Equipment £	Total £
Cost					
At 1 April 2023	2,525,249	171,485	664,329	1,000,687	4,361,750
Additions	58,006	38,204	28,945	31,087	156,242
At 31 March 2024	2,583,255	209,689	693,274	1,031,774	4,517,992
Depreciation					
At 1 April 2023	1,957,732	144,724	637,922	947,995	3,688,373
Charge for the year	187,707	21,000	19,094	39,598	267,399
At 31 March 2024	2,145,439	165,724	657,016	987,593	3,955,772
Net Book Value					
At 31 March 2024	437,816	43,965	36,258	44,181	562,220
At 31 March 2023	567,517	26,761	26,407	52,692	673,377

8. Fixed Asset Investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2023 & at 31 March 2024	1

Holdings of more than 20%

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

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

9. Stocks

	2024		2023	
	Group £	Charity £	Group £	Charity £
Materials & Consumables	17,105	3,746	13,479	5,448

10. Debtors

	2024		2023	
	Group £	Charity £	Group £	Charity £
Trade Debtors	343,367	343,367	249,938	249,938
Amounts Owed by Subsidiary Undertakings	-	13,358	-	8,030
Prepayments and Accrued Income	140,946	140,946	131,495	131,495
Other Debtors	71,213	71,213	62,376	62,376
	<u>555,526</u>	<u>568,884</u>	<u>443,809</u>	<u>451,839</u>

11. Creditors: Amounts Falling Due Within One Year

	2024		2023	
	Group £	Charity £	Group £	Charity £
Inverclyde Council Loan	48,903	48,903	47,412	47,412
Trade Creditors	807,897	807,897	788,080	788,080
Taxes and Social Security Costs	49,478	49,478	46,678	46,678
Other Creditors	26,998	26,998	29,667	29,667
Accruals	166,944	166,944	342,166	342,166
	<u>1,100,220</u>	<u>1,100,220</u>	<u>1,254,003</u>	<u>1,254,003</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

	2024		2023	
	Group £	Charity £	Group £	Charity £
Inverclyde Council Loan	<u>211,493</u>	<u>211,493</u>	<u>260,396</u>	<u>260,396</u>

12. Loans

	2024		2023	
	Group £	Charity £	Group £	Charity £
Inverclyde Council Loans Comprise:				
Amounts Repayable Within Five Years	260,396	260,396	252,460	252,460
After More Than Five Years	-	-	55,348	55,348
	<u>260,396</u>	<u>260,396</u>	<u>307,808</u>	<u>307,808</u>
Included in Creditors – Amounts Falling Due Within One Year	<u>48,903</u>	<u>48,903</u>	<u>47,412</u>	<u>47,412</u>

13. Provisions for Liabilities

	2024		2023	
	Group £	Charity £	Group £	Charity £
Contracted maintenance	-	-	16,000	16,000

14. Pension Costs

The charity operates a defined benefit statutory pension scheme. The valuation of this scheme was updated at 31 March 2024.

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 2024 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.

	2024 %	2023 %
Key Assumptions:		
Discount rate	4.85	4.75
Expected rate of increase of pensions in payment	2.75	2.95
Expected rate of salary increases	3.74	4.01
	2024 Years	2023 Years
Mortality Assumptions:		
Assumed life expectations on retirement at age 65:		
Current Pensioners		
- Males	20.0	19.3
- Females	22.8	22.2
Future Pensioners		
- Males	20.4	20.5
- Females	24.0	24.2
	2024 £	2023 £
Amounts Recognised in the Profit & Loss Account:		
Current service cost	464,000	1,145,000
Past service cost	125,000	-
Net interest on defined benefit liability	(280,000)	39,000
Total costs	309,000	1,184,000
	2024 £	2023 £
Amounts Taken to Other Comprehensive Income		
Actual return on scheme assets	1,542,000	(321,000)
Less: calculated interest element	(974,000)	(561,000)
Return on scheme assets excluding interest income	568,000	(882,000)
Actuarial changes related to obligations	770,000	8,569,000
Total gain / (loss)	1,338,000	7,687,000

14. Pension Costs (cont'd)

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

	2024 £	2023 £
Present value of defined benefit obligations	14,719,000	14,380,000
Fair value of plan assets	(22,207,000)	(20,255,000)
(Asset)/Liability	(7,488,000)	(5,875,000)

Movements in the present value of defined benefit obligations

	2024 £
Liabilities at 1 April 2023	14,380,000
Current service cost	464,000
Past service cost	125,000
Benefits paid	(324,000)
Contributions from scheme members	150,000
Actuarial gains and losses	(770,000)
Interest cost	694,000
At 31 March 2024	14,719,000

The defined benefit obligations arise from plans funded as follows:

	2024 £
Wholly unfunded obligations	14,470,000
Wholly or partly funded obligations	249,000
	14,719,000

Movements in the fair value of plan assets

	2024 £
Fair value of assets at 1 April 2023	20,255,000
Interest income	974,000
Return on plan assets (excluding amounts included in net interest)	568,000
Benefits paid	(324,000)
Contributions by the employer	571,000
Contributions in respect of unfunded benefits	13,000
Contributions by scheme members	150,000
At 31 March 2024	22,207,000

Fair value of plan assets at the reporting period end

	2024 £	2023 £
Equity instruments	12,880,060	12,153,000
Debt instruments	5,995,890	5,671,400
Property	2,220,700	2,025,500
Cash	1,110,350	405,100
	22,207,000	20,255,000

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 2024 the charity had 9 members.

16. Analysis of Net Assets Between Funds – Group

	General Funds £	Restricted Funds £	Total Funds £
Fixed Assets	442,229	119,991	562,220
Current Assets	1,312,066	13,937	1,326,003
Liabilities	(1,311,713)	-	(1,311,713)
Pension	7,488,000	-	7,488,000
	<u>7,930,582</u>	<u>133,928</u>	<u>8,064,510</u>

Analysis of Net Assets Between Funds – Charity

	General Funds £	Restricted Funds £	Total Funds £
Fixed Assets	442,230	119,991	562,221
Current Assets	1,312,065	13,937	1,326,002
Liabilities	(1,311,713)	-	(1,311,713)
Pension Reserve	7,488,000	-	7,488,000
	<u>7,930,582</u>	<u>133,928</u>	<u>8,064,510</u>

Analysis of Net Assets Between Funds – Group - Comparative

	General Funds £	Restricted Funds £	Total Funds £
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 - Comparative

	General Funds £	Restricted Funds £	Total Funds £
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>

17. Movements in Funds – Group and Charity

	Total Reserves £ 2024	Total Reserves £ 2023
Balance at 1 April 2023	6,443,502	(560,306)
Surplus / (Deficit) for the year	283,008	(683,192)
Actuarial gain on pension scheme	1,338,000	7,687,000
	<u>8,064,510</u>	<u>6,443,502</u>

Analysis of Reserves

	At 1 April 2023 £	Incoming Resources £	Transfers Between Funds £	Outgoing Resources £	At 31 March 2024 £
Restricted Funds					
Live Active Fund	-	61,575	6,396	(56,396)	11,575
Community Rehabilitation Fund	4,416	1,380	-	(4,416)	1,380
Move More Fund	-	6,873	-	(6,873)	-
Ravenscraig Activity Centre	179,986	-	-	(59,995)	119,991
Hearing Loop Funding	982	-	-	-	982
Vitality Fund	4,583	8,000	13,44	(26,023)	-
Total Restricted Funds	<u>189,967</u>	<u>77,828</u>	<u>19,836</u>	<u>(153,703)</u>	<u>133,928</u>
Unrestricted Funds					
General Funds	378,535	6,491,809	(19,836)	(6,407,926)	442,582
Pension Provision	5,875,000	1,338,000	-	275,000	7,488,000
Total Unrestricted Funds	<u>6,253,535</u>	<u>7,809,973</u>	<u>(19,836)</u>	<u>(6,132,926)</u>	<u>7,931,158</u>
Total Funds	<u>6,443,502</u>	<u>7,907,637</u>	<u>-</u>	<u>(6,286,629)</u>	<u>8,064,510</u>

Analysis of Reserves - (Comparative)

	At 1 April 2022 £	Incoming Resources £	Transfers Between Funds £	Outgoing Resources £	At 31 March 2023 £
Restricted Funds					
Live Active Fund	-	60,000	9,605	(69,605)	-
Community Rehabilitation Fund	4,416	-	-	-	4,416
Ravenscraig Activity Centre	239,981	-	-	(59,995)	179,986
Hearing Loop Funding	-	1,660	-	(678)	982
Vitality Fund	-	4,625	-	(42)	4,583
Total Restricted Funds	<u>244,397</u>	<u>66,285</u>	<u>9,605</u>	<u>(130,320)</u>	<u>189,967</u>
Unrestricted Funds					
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
Total Unrestricted Funds	<u>(804,703)</u>	<u>14,979,900</u>	<u>(9,605)</u>	<u>(7,912,057)</u>	<u>6,253,535</u>
Total Funds	<u>(560,306)</u>	<u>15,046,185</u>	<u>-</u>	<u>(8,042,377)</u>	<u>6,443,502</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.

18. Financial Commitments

At 31 March 2024 the charity was committed to making the following payments under non-cancellable operating leases:

	2024 £	2023 £
Within 1 year	12,000	12,000
Within 2-5 years	48,000	48,000
Over 5 years	276,000	288,000

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 £60,933 (2023 - £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 £601,419 (2023 - £927,452) to the Charity by payment of a management fee, and £NIL of additional funding (2023 – £77,000).

From 1st April 2023 Inverclyde Council agreed to pay the gas and electricity costs for the majority of Inverclyde Leisure sites. The cost at the time of agreement was £1.287m. No figures are available for the actual costs met for the year to 31st March 2024.

Inverclyde Leisure also utilised £200,000 of the £400,000 Smoothing Fund set aside by Inverclyde Council to smooth financial pressures over the next three years.

The Charity occupied facilities and paid leasing charges and rental to Inverclyde Council of £12,000 (2023 - £12,000). In addition, the Council provided financial and administrative support to the Charity and its subsidiary at a cost of £9,545 (2023 - £11,000) to the Charity.

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

Margaret Kincaid	£2,992
Carly Vango	£10,143

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 £343,602 (2023 - £325,195). This figure includes Gross Salary, Benefits, Employers Pension Contribution and Employer NIC costs. The 2023 figures included 4 members of staff and the 2024 figures include 4 members of staff.

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

	2024	2023
	£	£
Net income / (expenditure) for the reporting period (as per the Statement of financial activities)	283,008	(683,192)
Adjustments for:		
Depreciation charges	267,399	260,639
(Increase) in stock	(3,626)	(5)
(Increase) / Decrease in debtors	(111,717)	62,104
(Decrease) in creditors within one year	(153,783)	(168,517)
(Decrease) / Increase in provisions	(16,000)	(27,148)
Finance (income) / cost of defined benefit pension	(275,000)	684,000
	<u>(9,719)</u>	<u>127,881</u>

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

	2024 £	2023 £
Net income / (expenditure) for the reporting period (as per the Statement of financial activities)	283,008	(683,192)
Adjustments for:		
Depreciation charges	267,399	260,639
Decrease / (Increase) in stock	1,702	(5)
(Increase) / Decrease in debtors	(117,045)	62,104
(Decrease) in creditors within one year	(153,783)	(168,517)
(Decrease) in provisions	(16,000)	(27,148)
Finance cost of defined benefit pension	(275,000)	684,000
	<u>(9,719)</u>	<u>127,881</u>

25. Employees

The average monthly number of persons employed by the charity during the year was 251 (2023 – 259).

26. Analysis of Salary Costs

	2024 £	2023 £
Gross Wages	3,479,077	3,429,175
Employers NIC	210,397	215,144
Employers Pension Contributions	472,142	467,556
	<u>4,161,616</u>	<u>4,111,875</u>

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

	2024	2023
£60,001 to £70,000	3	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.

27. Contingent Liability

The charity agreed to repay the £200,000 Smoothing Fund received in the year. It will be repaid during the 24/25 accounting year as it would no longer be required if the agreed reduction in employers pension contributions over the next 2 years crystallises on 1st April 2024 and the projected annual savings are reported.

CHARITY DETAILED TRADING AND INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

	2024		2023	
	£	£	£	£
Turnover				
Fees and charges		5,205,908		4,967,206
Management fee		601,419		927,452
Additional funding from Inverclyde Council		-		77,000
Distribution from Trading Subsidiary		150,301		159,242
		<u>5,957,628</u>		<u>6,130,900</u>
Cost of Sales				
Pool costs	31,383		31,231	
Wages and salaries	3,479,077		3,429,175	
Employer's N.I. contributions	210,397		215,144	
Staff pension scheme costs	472,142		467,556	
Operating Leases	101,003		67,173	
		<u>(4,294,002)</u>		<u>(4,210,279)</u>
Gross Surplus		1,663,626		1,920,621
Administrative Expenses		<u>(2,012,136)</u>		<u>(3,137,781)</u>
		(348,510)		(1,217,160)
Other Operating Income				
Live Active Grant	61,575		60,000	
Vitality Grant	8,000		4,625	
Playscheme Grant	78,571		95,000	
Move More Grant	6,873		-	
Community Rehabilitation Grant	1,380		-	
Hearing Loop Fund Grants	-		1,660	
Additional Support from Inverclyde Council	9,000		1,067,000	
Smoothing Fund	200,000		-	
		<u>365,399</u>		<u>1,228,285</u>
Operating Surplus		<u>16,889</u>		<u>11,125</u>

This page does not form part of the financial statements.

CHARITY DETAILED TRADING AND INCOME AND EXPENDITURE ACCOUNT (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
Operating Surplus Brought Forward	16,889	11,125
Interest Payable and Other Costs		
Loan Interest paid	(8,881)	(10,317)
Other finance income / (costs)	<u>275,000</u>	<u>(684,000)</u>
Surplus / Deficit for the year	<u>283,008</u>	<u>(683,192)</u>

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SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
Administrative Expenses		
Staff training	19,016	19,858
Rent	12,000	12,000
Water rates	154,238	138,450
Insurance	74,554	68,446
Light and heat	6,355	1,177,998
Cleaning and refuse costs	65,615	52,404
Repairs and maintenance	565,673	469,528
Printing, postage and stationery	13,762	15,475
Advertising	173,859	160,747
Licences	42,145	37,965
Telephone	38,114	26,820
Travelling and subsistence	849	119
Legal and professional fees	(304)	420
Consultancy fees	23,780	26,060
Audit fees	11,500	10,750
Inverclyde Council Payroll Service	9,545	11,000
BACS Bureau	42,498	30,753
IT (including FOH Management Service)	128,765	118,682
HR costs	2,677	4,923
Unfunded Pensions & Actuarial costs	13,395	12,065
Bank charges	42,927	41,963
Bad and doubtful debts	(3,500)	-
Irrecoverable VAT	242,272	386,091
Sundry expenses	37,149	31,734
Subscriptions	4,200	6,185
Live active costs	139	(167)
Playscheme costs	813	-
Special events	22,701	16,873
Depreciation	267,399	260,639
	<u>2,012,136</u>	<u>3,137,781</u>

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