



SOUTH LANARKSHIRE
Leisure & Culture

**ANNUAL GENERAL MEETING
4 OCTOBER 2023
AGENDA**

Location: Hamilton Town House

**Agenda
Item**

1. Sederunt
2. Apologies
3. Declarations of Interest
4. Minutes of Previous Meeting
5. Matters Arising
6. Chair's Report
7. Chief Executive's Report and Presentation of Annual Strategic Report
[Annual Strategic Report Link](#)
8. Audit Committee – External Audit Update
9. Financial Report
[SLLC SCIO Accounts Link](#)
[SLL Trading Ltd Accounts Link](#)
10. Changes to Charity Law
11. AOCB
 - ◆ Savings – Verbal Update

Date of Next Meeting – 15 November 2023



Report

Report to:	Board of Trustees
Date of Meeting:	4 October 2023
Report by:	Nick Lansdell, Head of Strategy and Governance

Subject:	Annual Report and Accounts 2022/23 – South Lanarkshire Leisure and Culture Ltd.
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1. Purpose of Report

1.1. The purpose of the report is to:

- ◆ Ask that the Board approve the 2022/23 Annual Report and Accounts.

2. Recommendations

2.1. The Board is asked to approve the following recommendations:

- (1) That the 2022/23 Annual Report and Accounts are approved, signed by the Chair on behalf of the Board and thereafter submitted to the regulatory authorities OSCR and Companies House;
- (2) That the Audit Management Report prepared by Azets Audit Services is noted, and
- (3) That the Management Letters requested by Azets Audit Services are approved for signature by the Chair on behalf of the Board.

3. Background

3.1. South Lanarkshire Leisure and Culture (SLLC) is required to prepare an annual report and financial statements which are in accordance with the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended).

3.2. The financial statements must be audited by a firm of independent professional auditors. SLLC employ Azets Audit Services to carry out this task and provide the appropriate professional opinion.

4. Annual Accounts

4.1. The Annual Report and Accounts for financial year 2022/23 include the following principal sections:

- ◆ The accounts were prepared for the period from 1 April 2022 to 2 April 2023 but the comparatives are for the year to 31 March 2022 as SLLC converted to a SCIO on 3 April 2023.

- ◆ The Directors' Report providing information on the aims, objectives, structure of SLLC and the proposed changes in governance.
- ◆ A report providing information on the achievements and performance, a financial review for the year and plans for the future.
- ◆ The 'Statement of Responsibilities of the Directors' outlining the Board's legal responsibilities as Directors as far as concerns the preparation of the financial statements.
- ◆ The Independent Auditor's Report containing the audit opinion prepared by Azets Audit Services. For 2022/23, the auditors are proposing to issue a clean audit certificate upon approval of the Accounts by the Board.
- ◆ The Consolidated Financial Statements including the Consolidated Statement of Financial Activities (SOFA), the Consolidated Balance Sheet and the Notes to the Accounts.

4.2. The overall financial position of SLLC as at 2 April 2023 is contained within the financial statements as referenced in section 4.1 above. The key points to note are as follows:

- ◆ The Consolidated General Reserve now stands at £806k (£959k as at 31 March 2022). This figure was restated from £628K due to an audit adjustment posted in 2022/23 relating to previous year over accrued expenditure.
- ◆ SLLC's share of the Strathclyde Pension Fund continues in an asset position. A asset of £9.175m in 2021/22 is now shown as an asset of £2.018m.
- ◆ Restricted Fund balances as at 2 April 2023 amount to £0.877m. These relate to projects and initiatives funded by external organisations and partners.
- ◆ The balance on the Repairs and Renewals Fund as at 2 April 2023 amounts to £0.235m and is required to fund the investment plan previously approved by the Board. This amounted to a £0.012m reduction in the fund during the year.
- ◆ SLLC have provided a letter of comfort to the Auditor to enable SLLC to meet the going concern assumption.

4.3. Azets Audit Services, the Company's external auditor, has provided a report highlighting issues to be brought to the attention of the Board when considering approval of the financial statements. There are no major issues and they have indicated that an unqualified opinion will be issued following Board approval of the accounts.

5. Employee Implications

5.1. There are no employee implications arising from this report.

6. Financial Implications

6.1. As outlined in this report.

7. Other Implications

7.1. There are no other implications arising from this report in terms of risk or sustainability.

8. Equality Impact Assessment and Consultation Arrangements

8.1. There is no requirement to carry out an impact assessment or consultation in terms of the proposals contained within this report.

Ellen Atkinson
Finance Manager

4 October 2023

Link to SLLC Objectives

- ◆ Improved value for money organisation

Previous References

- ◆ None

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers, if any, or want further information, please contact:

Ellen Atkinson, Finance Manager

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Report

Report to:	Board of Trustees
Date of Meeting:	4 October 2023
Report by:	Nick Lansdell, Head of Strategy and Governance

Subject:	Annual Accounts 2022/23 – SLL Trading Ltd.
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1. Purpose of Report

1.1. The purpose of the report is to:

- ◆ Ask the Board to approve the 2022/23 Annual Accounts for SLL Trading Ltd.

2. Recommendation(s)

2.1. The Board is asked to approve the following recommendations:

- (1) That the 2022/23 Annual Accounts for SLL Trading Ltd are approved, signed by the Chair on behalf of the Board and thereafter submitted to Companies House as the relevant regulatory authority;
- (2) That the Audit Management Report prepared by Azets Audit Services is noted, and
- (3) That the Management Letters requested by Azets Audit Services are approved for signature by the Chair on behalf of the Board.

3. Background

3.1. SLL Trading Ltd is required to prepare annual financial statements which are in accordance with the Companies Act 2006.

3.2. The financial statements must be audited by a firm of independent professional auditors. South Lanarkshire Leisure and Culture Ltd (SLLC) employ Azets Audit Services to carry out this task and provide the appropriate professional opinion.

4. Annual Accounts

4.1. The Accounts of SLL Trading Ltd for financial year 2022/23 include the following principal sections:

- ◆ The Directors' Report providing information on the structure of the company, its principal activities and a review of business for the year.
- ◆ The 'Statement of Responsibilities of the Directors' outlining the Board's legal responsibilities as Directors as far as concerns the preparation of the financial statements.
- ◆ The Independent Auditor's Report containing the audit opinion prepared by Azets Audit Services. For 2022/23, the auditors are proposing to issue a clean audit certificate upon approval of the Accounts by the Board.
- ◆ The Financial Statements comprising the Profit and Loss Account, the Balance Sheet and Notes to the Accounts.

- 4.2. The overall financial position of SLL Trading Ltd as at 31 March 2023 is contained within the financial statements as referenced in section 4.1 above. The key points to note are as follows:
- ◆ The company made a profit of £22k in the financial year ended 31 March 2023 and this will be donated to the parent company by utilising the gift aid scheme.
 - ◆ Retained reserves increased to £40k, £18k of which is available for future use by the company after the intended gift aid donation outlined above.
- 4.3. Azets Audit Services, the Company's auditor, has provided a report highlighting issues to be brought to the attention of the Board when considering approval of the financial statements. There are no major issues and they have indicated that an unqualified opinion will be issued following Board approval of the accounts.
- 5. Employee Implications**
- 5.1. There are no employee implications arising from this report.
- 6. Financial Implications**
- 6.1. As outlined in this report
- 7. Other Implications**
- 7.1. There are no other implications arising from this report in terms of risk and sustainability.
- 8. Equality Impact Assessment and Consultation Arrangements**
- 8.1. There is no requirement to carry out an impact assessment or consultation in terms of the proposals contained within this report.

Ellen Atkinson
Finance Manager

4 October 2023

Link to SLLC Objectives

- ◆ Improved value for money organisation

Previous References

- ◆ None

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers, if any, or want further information, please contact:

Ellen Atkinson, Finance Manager
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Audit findings report

South Lanarkshire Leisure and
Culture Limited and subsidiary

Period ended 2 April 2023



Strictly Private & Confidential

The Board of Directors
South Lanarkshire Leisure and Culture Limited
Floor 5
Council Offices
Almada Street
Hamilton
ML3 0EW

Our ref: NIBE/NNOC/SOULLC01
28 September 2023

Dear Directors

**South Lanarkshire Leisure and Culture Limited
Audit Findings Report for the period ended 2 April 2023**

This Audit Findings Report highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs UK), which is directed towards forming and expressing an opinion on the financial statements. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, including those in respect of the preparation of financial statements.

There is more detail in respect of the responsibilities of the auditor and those charged with governance within our engagement letter. Our standard terms and conditions can be found at <https://www.azets.co.uk/terms-of-business>.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit. If we can be of any further assistance, please contact Nick Bennett or Nneamaka Ochuba.

Yours Sincerely

Azets Audit Services

Azets Audit Services

We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

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VAT Registration No. 219 0608 22. Registered office: 2nd Floor, Regis House, 45 King William St, London EC4R 9AN. Registered to carry on audit work in the UK under Firm Number C004632199 and regulated for a range of investment business activities by the Institute of Chartered Accountants in England & Wales. The term 'Board Director' is used to refer to a statutory director and principal of the company as registered at Companies House. Any other designations that include the term 'Partner' or 'Director' are not registered statutory directors or principals of the registered company.



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1. Executive summary

Audit overview

This table summarises the key findings from the statutory audit of South Lanarkshire Leisure and Culture Limited and its subsidiary for the period ended 2 April 2023 for those charged with governance.

Audit opinion	<p>We do not propose any modifications to our audit opinion which is unqualified.</p> <p>We have no matters to report regarding the adoption of the going concern basis or inadequate disclosures relating to material uncertainties.</p> <p>Our audit work is substantially complete and there are currently no matters which would require modification of our audit report.</p>
Key findings on audit risks and other matters	<p>We have reported our audit findings on pages 2-4 and audit adjustments on page 9. The impact on the group's net income is a reduction of £62,773,000 in the current year. This was as a result of applying the asset ceiling to the pension asset reported by Hymans Robertson as at 31 March 2023. A prior year adjustment which increased the group's 2022 net income by £42,000 and increased the general funds excluding pension reserves by £331,000.</p> <p>We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.</p>
Audit adjustments	<p>We are required to communicate all potential adjustments, other than those considered to be clearly trivial, to management and to request that management corrects them. Details of the audit adjustments and potential adjustments are included on page 9-10.</p> <p>The aggregate impact of unadjusted misstatements on the Statement of Financial Activities, were they to be processed, would result in a combined increase in group net expenditure for the current year of approximately £151,590 in the current year and £113,141 in the prior year, which is immaterial to the financial statements.</p>
Accounting systems and internal controls	<p>We have applied our risk-based methodology to your audit. This approach requires us to document, evaluate and assess your business processes and internal controls relating to the financial reporting process.</p> <p>Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we have reported these to you on page 7-9.</p>

2. Significant risk areas

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The below table summarises conclusions in relation to significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Key risk area	Audit Approach	Conclusions
<p>Management override of controls (SLLC and SLL Trading)</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk</p> <p>Risk of material misstatement: Very High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management; • Testing of journal entries; and • Review of any unusual significant transactions. 	<p>We have not identified any indications of management override in the year. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.</p>
<p>Going concern (SLLC and SLL Trading)</p> <p>We must review the Board's assessment of the going concern status of both companies.</p> <p>Risk of material misstatement: Very Low</p>	<ul style="list-style-type: none"> • Reviewed the Board's assessment of going concern; • Reviewed accounting estimates, judgements and decisions made by management; • Reviewed post year end management accounts; • Reviewed the annual budget with a particular focus on the results for the 12 months from the signing date of the financial statements; 	<p>We have gained satisfactory assurance in respect of the mitigation of this risk and that the disclosure within the financial statements is adequate.</p>

- Held a detailed discussion with management in respect of going concern; and
- Obtained a letter of representation that confirmed that the trustees have concluded that the Group is a going concern.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The below table summarises conclusions in relation to significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Key risk area	Audit Approach	Conclusions
<p>Fraud in income recognition (SLLC and SLL Trading)</p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements).</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Income (Completeness): Very High • Income (Occurrence): Very High • Income (Cut off): Very High 	<p>Procedures performed to mitigate risks of material misstatement in this area included</p> <ul style="list-style-type: none"> • Reviewing and testing of income recognition policies; • Detailed substantive testing on material revenue streams; • Cut off testing; and • Substantive analytical procedures. 	<p>While we did not suspect incidences of material fraud and error we evaluated each type of income transaction and documented our conclusions.</p> <p>We have gained reasonable assurance on the completeness and occurrence of income, and we are satisfied that income is fairly stated in the financial statements. To inform our conclusion we carried out testing to confirm that the group's policy for income recognition is appropriate and has been applied consistently throughout the year.</p>
<p>Expenditure (SLLC only)</p> <p>Given the charity is spending the public's monies and grant funds it is important that we ensure that any purchases are appropriately incurred and subject to the appropriate control procedures.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Expenditure (completeness): Medium 	<p>We evaluated each material expenditure stream, including the controls over expenditure accounting.</p> <p>We conducted substantive testing on expenditure streams to confirm revenue has been recognised appropriately and in line with the charitable objectives of the company.</p>	<p>We did not find any instances of misappropriation of the public's monies or inadequate controls.</p>

- **Expenditure (Occurrence):**
Medium

Allocation of funds (SLLC only)

There is a risk that transactions are not correctly allocated between unrestricted and restricted funds meaning that the period-end split of funds is incorrect.

We have evaluated a sample of revenue and expenditure items to ensure that each transaction tested has been allocated to the correct fund.

We have gained satisfactory assurance in respect of the allocation of transactions between funds.

Inherent risk of material misstatement:

- **Funds (Valuation):** **Medium**
- **Funds (Presentation and disclosure):** **Medium**

Defined benefit pension scheme – this is a key accounting estimate (SLLC only)

The Charity is a member of a defined benefit pension scheme: the Strathclyde Pension Fund. Each year Hymans Robertson provides a year-end accounting valuation of the Strathclyde Pension Fund. The Charity needs to account for the pension movement in the financial statements and ensure the disclosure is appropriate. The Charity need to ensure that the actuarial assumptions used are appropriate.

We have reviewed the controls in place to ensure that the data provided from the pension fund to the actuary is complete and accurate. We have reviewed the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data. We have also agreed the disclosures in the financial statements to information provided by the actuary.

We did not identify any actuarial estimates or assumptions which gave us cause for concern.

Inherent risk of material misstatement:

- **Area (Assertion):** **Medium**

3. Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Management's assessment of going concern

South Lanarkshire Leisure and Culture Limited has prepared its financial statements on the going concern basis. Management believe that the financial statements should be prepared on the going concern basis because the entity has sufficient funds to meet short term and long term liabilities.

Management's assessment covers a period of at least 12 months from expected date of approval of the accounts.

Audit work performed

ISA 570 (revised) specifies mandatory procedures that we are required to carry out on going concern.

We have performed audit work as explained in section 2 above.

Disclosures

We have reviewed the disclosures set out in note 1 to the financial statements – we concur with this disclosure.

Conclusion

We concur with management's assessment that it is appropriate to continue to adopt the going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.

4. Audit communication

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the prior year or set out details of changes.

Presentation and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the entity. We identified a number of reclassification adjustments and some minor presentational issues in the Group, and these have all been amended by management.

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management. We have not been made aware of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose. In the event that the trustees wish to obtain enhanced assurance with regard

to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

Written representations

We will present the final letter of representation to the Board to sign at the same time as the financial statements are approved.

Related parties

We are not aware of any related party transactions which have not been disclosed.

Confirmations from third parties

All requested third party confirmations in respect of stock, bank and legal confirmations have been received.

5. Internal controls

Control environment

The purpose of an audit is to express an opinion on the financial statements. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we have reported these to you below and overleaf. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you and that have not been reported elsewhere within this memorandum.

Area	Assessment	Comment
Control and process environment	Strong	We consider the control environment within the entity to be satisfactory.
Quality of supporting schedules	Satisfactory	The supporting schedules received during the course of the fieldwork were sufficient for our audit purposes.
Responses to audit queries	Satisfactory	Management's responses to our audit queries were appropriate and received on a timely basis.

Key: **Significant deficiency** in internal control, **Other deficiency** in internal control, **Other observations** from the audit

Follow up on prior year audit control recommendations

As part of our audit process, we have specifically followed up on control weaknesses and recommendations raised in last year's report:

Area	Observation	Implication	Recommendation	Comment 31/03/2023
Payroll – employee numbers	Per our review of the average employee numbers disclosure note, we identified that variances existed between the payroll summaries provided and the payroll system.	This could result in a misstatement within the accounts.	Discuss with IT personnel the best way to obtain the FTE and average employee information. Ensure the system numbers are consistent with the payroll reports and is not dependent on who runs the report.	Issue has been remedied in the current year.
Journals	As per our journals testing, we conduct a number of tests using the journals listing as provided by SLLC. We were unable to complete this in full as the system does not run journal reports showing the date of posting or the user posting a journal	We are unable to effectively test the journals as we cannot determine the time and date of posting or who posted them. This could result in postings being made outside normal working hours and unauthorised postings being made.	The system should be updated to allow for an audit trail to be kept behind these journal entries to ensure dates, times and users are included in the data	The same issue was identified in the current year. Point remains relevant.

Current year recommendations:

Area	Observation	Implication	Recommendation	Management response
South Lanarkshire Leisure and Culture – invoices not posted on the invoice date	Purchase invoices are not being posted onto the purchase ledger on the invoice date.	By posting purchase invoices on another date, different from the invoice date, this could cause a potential cut off issue. This would therefore cause a risk that expenditure misstated and not allocated to the correct period.	It is recommended that responsible staff ensure the correct invoice date is entered on to the system to prevent potential cut off issues.	Accepted Invoices are coded, authorised and sent to payables for posting by the individual facilities. Centrally advice and guidance is provided around turnaround expectations for the completion of these steps however ensuring compliance with this instruction proves problematic. We agree to undertake the reissuing of this guidance on an annual basis.
South Lanarkshire Leisure and Culture – Accruals policy	<p>Accruals are being recognised based on internal estimates.</p> <p>When the invoices are subsequently received, the variance between the accrual estimation and the actual amount invoiced is not corrected.</p> <p>Instead, SLLC retains the over accrual as a liability for 5 years and then releases the accrual (Dr expenditure, Cr accruals), in the 5th year.</p>	This has resulted in a material error, accruals and expenditure were materially overstated.	<p>1. the policy of retaining over accruals for 5 years should be reviewed.</p> <p>2. on a monthly basis, the accruals listing should be reviewed for any items where future expenditure is not probable.</p> <p>3. at the financial year end, finance should review older accruals balances for reasonableness.</p>	<p>1. Agreed, will be done abandoned immediately.</p> <p>2. Accepted - the monthly review process will be extended to include a management check of whether the liability still exists, receipt of an invoice is likely and thus the accrual should remain.</p> <p>3. Agreed, will adopt a more stringent review process.</p>
South Lanarkshire Leisure and Culture – proof of existence of employees	There was no documentation in the personnel file for multiple employees to verify existence.	The implication of this is that fictional employees could be included in the payroll.	We would recommend that all employee's personnel files have a official document to prove their existence (such as a tax form or copy of passport).	HR to advise as the sample selected included employees who had been so for a number of years.
South Lanarkshire Leisure and Culture -	The disposals policy is to remove assets from the fixed	1. if assets have a useful life of 10 years, but are being depreciated of 5 years, there is a risk that	1. It is recommended that the depreciation policy is reviewed annually.	1. Asset register is a list of all the assets SLLC own even if zero net book value

Fixed assets disposals policy	asset register after 10 years. This contradicts the depreciation policy which assumes fixed assets have a useful life of 5 years.	the client is not evenly recognising the costs over the period in which the economic benefits are being consumed. 2. due to the fixed disposals policy, assets no longer in use may remain in fixed assets after they have been disposed.	2. It is recommended that fixed assets are disposed from the fixed asset register when the assets are no longer in use.	which are still in use. Depreciation policy remains to depreciate over 5 years. Assets are deemed to be obsolete once they reach 10 years of age thus then removed from the register, unless removed from use earlier as identified at the annual review. 2. Agreed - Obsolete or broken assets are removed from the asset register annually. Items with £0 net book value are not necessarily no longer used.
SLL Trading – stock count	Errors identified during the stock count were not updated in the final stock sheets or financial statements.	This resulted in an immaterial error which had to be posted as a potential adjustment.	Any errors identified during the stock count should be corrected after the stock count to ensure the financial statements are accurate.	Accepted Partially agreed - Stock sheets are checked for formulae accuracy and pricing however, counting errors identified by stock count attendees would not be known to the finance team until after the accounts are prepared.
SLL Trading – Income received in advance	During testing, we found that cash payments could not be traced to supporting documentation that related to income received in advance. Customers were only issued with a receipt if they paid by card.	We can only agree the amounts on the schedule to the amounts entered in the ledger. We cannot trace any cash payments made per the clients schedule to supporting documentation meaning there is a lack of audit evidence.	It is recommended that receipts are provided to customers for both cash and card payments so that the amounts per the client can be agreed to supporting documentation and to the ledger.	Agreed - the Finance team will obtain access to all front of house systems on a reporting basis for the 23/24 year end.

Corrected misstatements

South Lanarkshire Leisure and Culture

SCHEDULE OF PROPOSED ADJUSTMENTS				Balance Sheet		Statement of Financial Activities	
				Increase	Decrease	Decrease	Increase
Journals							
Profit / (loss) per management accounts / trial balance							55,647,000
1	Dr	Actuarial Gains / (Losses) on DB Pension Scheme - OCI				62,773,000	
	Cr	Pension Asset/(Liability)		62,773,000			
M.300	Being: adjustment of pension asset to asset ceiling level per Hymans Robertson						
2	Dr	Trade creditors	704,000				
	Cr	Other creditors		704,000			
J.201	Being: reclassification of settlement payment from trade creditors to other creditors						
3	Dr	Bank	409,000				
	Cr	Bank overdrafts		409,000			
I.10	Being: Reclassification of bank overdrafts to creditors from bank and cash at hand						
Total				1,113,000	63,886,000	62,773,000	-
Net effect				-	62,773,000	62,773,000	
Adjusted Net Profit							7,126,000

SCHEDULE OF PRIOR YEAR PROPOSED ADJUSTMENTS				Balance Sheet		Statement of Financial Activities	
				Increase	Decrease	Decrease	Increase
Journals							
Profit per prior year signed accounts							19,207,000
1	Dr	Accruals	331,000				
	Cr	General fund excluding pension reserve		289,000			
	Cr	Resources expended					42,000
J.205	Being: Reversal of over accrual in the prior year.						
Total				331,000	289,000	-	42,000
Net effect					42,000	-	42,000
Adjusted Profit							19,249,000

SLL Trading

None identified.

Uncorrected misstatements

South Lanarkshire Leisure and Culture

SCHEDULE OF UNCORRECTED MISTATEMENTS				Balance Sheet		Income Statement	
Journals				Increase	Decrease	Decrease	Increase
1	Dr	Accrued income		30,062			
	Cr	Incoming resources					30,062
H.200	Being: extrapolated error for pre year end income posted to the ledger after the year end.						
2	Dr	Trade debtors		64,356			
	Cr	Amounts owed to South Lanarkshire Council			36,175		
	Cr	Trade creditors			28,181		
H.501	Being: Reclassification of negative items within trade creditors						
3	Dr	Accruals		121,528			
	Cr	Resources expended					121,528
J.205	Being: Reversal of extrapolated over accrual in the current year.						
Total				215,946	64,356	-	151,590
Net effect					151,590	-	151,590

SCHEDULE OF PRIOR YEAR UNCORRECTED MISTATEMENTS				Balance Sheet		Income Statement	
Journals				Increase	Decrease	Decrease	Increase
1	Dr	Accruals		230,829			
	Cr	General fund excluding pension reserve			117,688		
	Cr	Resources expended					113,141
J.205	Being: Reversal of over accrual in the prior year.						
Total				230,829	117,688	-	113,141
Net effect					113,141	-	113,141

SLL Trading

None identified.

6. Independence and ethics

In accordance with our profession's ethical requirements and further to our audit planning letter issued confirming audit arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity, and independence.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

AZETS

Azets Audit Services
Chartered Accountants
Exchange Place
Semple Street
Edinburgh
EH3 8BL



**SOUTH LANARKSHIRE
Leisure & Culture**

Re: South Lanarkshire Leisure & Culture

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the charitable company's financial statements for the period ended 2 April 2023. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

GENERAL

1. We have fulfilled our responsibilities as directors, as set out in the terms of your engagement letter dated 26 April 2023 under the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
2. We confirm all the transactions undertaken by the charitable company have been properly reflected and recorded in the accounting records.
3. We confirm all the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the charitable company, and with all other records and related information requested, including minutes of all management and directors' meetings.
4. We confirm the financial statements are free of material misstatements, including omissions.
5. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. See appendix 1 for details of such uncorrected misstatements.
6. We have reviewed and approved all audit adjustments made in the financial statements. See appendix 2 for details of such audit adjustments.
7. We believe that the charitable company has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) ("UK GAAP"), including the requirements of Financial Reporting Standards ("FRS") FRS 102 that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we deem necessary to address the likely effects of the COVID-19 pandemic on our system of internal controls.

INTERNAL CONTROL AND FRAUD

8. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
9. We confirm that all accounting records have been made available to you for the purposes of your audit, in accordance with your terms of engagement, and that all transactions undertaken by the charitable company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and directors' meetings, have been made available to you. We have given you unrestricted access to persons within the charitable company in order to obtain audit evidence and have provided any additional information that you have requested for the purposes of your audit.

South Lanarkshire Leisure and Culture SCIO
Floor 5, Council Offices, Almada Street
Hamilton ML3 0EW

Chief Executive **Kay Morrison**
Vat Reg. No. 997 3253 70

www.slleisureandculture.co.uk



10. We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
11. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others. including non-compliance matters:
 - Involving financial improprieties;
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the charitable company's financial statements;
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the charitable company's business, its ability to continue in business, or to avoid material penalties; and/or
 - Involving management, or employees who have significant roles in internal control, or others.

ASSETS AND LIABILITIES

12. The charitable company has satisfactory title to all assets and there are no liens or encumbrances on the charitable company's assets except for those that are disclosed in the notes to the financial statements.

There were no changes in fixed assets during the period ended 2 April 2023 other than those disclosed in the accounts.

We have reviewed the residual values attached to fixed assets and confirm they are still appropriate and reasonable reflections of these assets condition and usage.

13. We confirm all actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
14. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.
15. We confirm that all bank accounts have been disclosed to you and are included within the financial statements.
16. We confirm that the charitable company has not contracted for any capital expenditure other than as disclosed in the financial statements.

ACCOUNTING ESTIMATES

17. We confirm that significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

LOANS AND ARRANGEMENTS

18. We confirm the charitable company has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

19. We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the charitable company conducts its business, and which are central to the charitable company's ability to conduct its business and could affect the financial statements. The charitable company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
20. We confirm that we have disclosed to the Office of the Scottish Charity Regulator (OSCR) any events which have taken place in the year which is deemed to be a notifiable event.

LEGAL CLAIMS

21. We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the requirements of accounting standards.

CONTINGENT LIABILITIES

22. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
23. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, other than those already disclosed.

LAWS AND REGULATIONS

24. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

RELATED PARTIES

25. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and we confirm that such information is complete. We are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.
26. All transactions undertaken with group companies, including management charges, are at arm's length.

SUBSEQUENT EVENTS

27. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

GOING CONCERN

28. We believe that the company's financial statements should be prepared on a going concern basis on the grounds that existing cash reserves; and current and future sources of funding or support from South Lanarkshire Leisure and Culture Limited will be more than adequate for the company's needs.
29. We also confirm our plans for future action required to enable the company to continue as a going concern are feasible.
30. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements.
31. The implications of the Covid-19 pandemic continue to create uncertainty and it is therefore difficult to evaluate the likely effect on the company's trade, customers, suppliers and the wider economy. Our assessment at the date of approval of these accounts is that the pandemic does not create a material uncertainty related to going concern. Note 1 to the financial statements discloses matters of which we are aware that are relevant to the company's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

DISCLOSURE OF INFORMATION TO THE AUDITOR

32. We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.
33. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Signed on behalf of the Board of directors by:

Dr Avril Osborne
Chair

Date: 4 October 2023

Appendix 1 – Uncorrected misstatements

SCHEDULE OF UNCORRECTED MISTATEMENTS							
Journals	Balance Sheet		Income Statement				
	Increase	Decrease	Decrease	Increase			
1	Dr Cr	Accrued income Incoming resources	30,062				30,062
H.200	Being: extrapolated error for pre year end income posted to the ledger after the year end.						
2	Dr Cr Cr	Trade debtors Amounts owed to South Lanarkshire Council Trade creditors	64,356	36,175 28,181			
H.501	Being: Reclassification of negative items within trade creditors						
3	Dr Cr	Accruals Resources expended	121,528				121,528
J.205	Being: Reversal of extrapolated over accrual in the current year.						
Total			215,946	64,356	-		151,590
Net effect				151,590	-		151,590

SCHEDULE OF PRIOR YEAR UNCORRECTED MISTATEMENTS							
Journals	Balance Sheet		Income Statement				
	Increase	Decrease	Decrease	Increase			
1	Dr Cr Cr	Accruals General fund excluding pension reserve Resources expended	230,829	117,688			113,141
J.205	Being: Reversal of over accrual in the prior year.						
Total			230,829	117,688	-		113,141
Net effect				113,141	-		113,141

Appendix 2 – Audit adjustments

SCHEDULE OF PROPOSED ADJUSTMENTS					
Journals		Balance Sheet		Statement of Financial Activities	
		Increase	Decrease	Decrease	Increase
Profit / (loss) per management accounts / trial balance					55,647,000
1	Dr Actuarial Gains / (Losses) on DB Pension Scheme - OCI Cr Pension Asset/(Liability)		62,773,000	62,773,000	
M.300	Being: adjustment of pension asset to asset ceiling level per Hymans Robertson				
2	Dr Trade creditors Cr Other creditors	704,000	704,000		
J.201	Being: reclassification of settlement payment from trade creditors to other creditors				
3	Dr Bank Cr Bank overdrafts	409,000	409,000		
I.10	Being: Reclassification of bank overdrafts to creditors from bank and cash at hand				
Total		1,113,000	63,886,000	62,773,000	-
Net effect		-	62,773,000	62,773,000	
Adjusted Net Profit				-	7,126,000

SCHEDULE OF PRIOR YEAR PROPOSED ADJUSTMENTS					
Journals		Balance Sheet		Statement of Financial Activities	
		Increase	Decrease	Decrease	Increase
Profit per prior year signed accounts					19,207,000
1	Dr Accruals Cr General fund excluding pension reserve Cr Resources expended	331,000	289,000		42,000
J.205	Being: Reversal of over accrual in the prior year.				
Total		331,000	289,000	-	42,000
Net effect			42,000	-	42,000
Adjusted Profit					19,249,000

Azets Audit Services
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL



SOUTH LANARKSHIRE
Leisure & Culture

Re: SLL Trading Limited

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the company's financial statements for the year ended 31 March 2023. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

GENERAL

1. We have fulfilled our responsibilities as directors, as set out in the terms of your engagement letter dated 26 April 2023 under the Companies Act 2006, for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice applicable to Small Entities), for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the company have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the company, and with all other records and related information requested, including minutes of all management and shareholder meetings.

ADJUSTMENTS & DISCLOSURES

4. The financial statements are free of material misstatements, including omissions.
5. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. See appendix 1 for details of such uncorrected misstatements.
6. We have reviewed and approved all disclosures made in the financial statements and we are not aware of any other matters which require disclosure in order to comply with the requirements of the Companies Act 2006 or UK Generally Accepted Accounting Practice applicable to Small Entities.

INTERNAL CONTROL AND FRAUD

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
8. We have disclosed to you all instances of known or suspected fraud affecting the company involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
9. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the company's financial statements communicated by current or former employees, analysts, regulators or others.
10. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we deem necessary to address the likely effects of the COVID-19 pandemic on our system of internal controls.

South Lanarkshire Leisure and Culture SCIO
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Chief Executive **Kay Morrison**
Vat Reg. No. 997 3253 70

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ASSETS AND LIABILITIES

11. The company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets except for those that are disclosed in the notes to the financial statements.
12. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
13. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.
14. We confirm that all bank accounts have been disclosed to you and are included within the financial statements.
15. We confirm that the company has not contracted for any capital expenditure other than as disclosed in the financial statements.

ACCOUNTING ESTIMATES

16. The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

LOANS AND ARRANGEMENTS

17. The company has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

LEGAL CLAIMS

18. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

LAWS AND REGULATIONS

19. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements and disclosures, including non-compliance matters:
 - a. Involving financial impropriety;
 - b. Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the company's financial statements;
 - c. Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the company's business, its ability to continue in business, or to avoid material penalties; and
 - d. Involving management, or employees who have significant roles in internal control, or others.
20. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, other than those already disclosed.

RELATED PARTIES

21. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and we confirm that such information is complete. We are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.
22. All transactions undertaken with group companies, including management charges, are at arm's length.

SUBSEQUENT EVENTS

23. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

GOING CONCERN

24. We believe that the company's financial statements should be prepared on a going concern basis on the grounds that existing cash reserves; and current and future sources of funding or support from South Lanarkshire Leisure and Culture Limited will be more than adequate for the company's needs.
25. We also confirm our plans for future action required to enable the company to continue as a going concern are feasible.

26. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements.
27. The implications of the Covid-19 pandemic continue to create uncertainty and it is therefore difficult to evaluate the likely effect on the company's trade, customers, suppliers and the wider economy. Our assessment at the date of approval of these accounts is that the pandemic does not create a material uncertainty related to going concern. Note 3 to the financial statements discloses matters of which we are aware that are relevant to the company's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

DISCLOSURE OF INFORMATION TO THE AUDITOR

28. We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.
29. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Signed on behalf of the board of directors by:

Dr Avril Osbourne
Chair

Date: 4 October 2023

Appendix 1 – Uncorrected misstatements

SCHEDULE OF UNCORRECTED MISTATEMENTS				Balance Sheet		Income Statement	
				Increase	Decrease	Decrease	Increase
Journals							
1	Dr	Stock		5,502			
	Cr	Cost of sales				5,502	
G.09	Being: Increase in stock as per stock count.						
		Total		5,502	-	-	5,502
		Net effect			5,502	-	5,502