

South Lanarkshire
Leisure and Culture Limited

Annual Accounts

2022-2023



SOUTH LANARKSHIRE
Leisure & Culture

2022-2023

Annual
Accounts



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Director's report for the period ended 2 April 2023

Registered number SC 225702

The directors present their annual report and audited financial statements for the period ended 2 April 2023.

Principal activity and structure of company

South Lanarkshire Leisure and Culture Limited (SLLC) is a company limited by guarantee, registered as a charity, number SC032549, and is an Arms Length External Organisation of South Lanarkshire Council, the Company's principal funders. South Lanarkshire Leisure and Culture Limited is responsible for the operation, management and development of indoor and outdoor sport and leisure facilities, community halls, arts venues, country parks, libraries and a museum and associated initiatives and events throughout South Lanarkshire.

It is a 'not for profit' organisation and is governed by its Memorandum and Articles of Association (amended by special resolution on 25 August 2010). The membership of the Company is representative of the local community known as "South Lanarkshire" and those individuals, groups and bodies committed to the provision of community leisure and cultural facilities in the area. Each member has undertaken to contribute an amount not exceeding one pound towards any deficit arising in the event of the Company being wound up.

The Company's wholly owned subsidiary, SLL Trading Limited, was set up to operate the non-charitable, trading aspects of the business and predominantly provides the vending and catering services.

Directors

As set out in the Memorandum and Articles of Association, the maximum number of directors is fourteen and comprises of the following:

- five directors appointed by South Lanarkshire Council
- one director appointed from the employees of the Company
- one director appointed from the Trade Unions
- seven directors appointed from the local community and/or independent representatives including from the health cultural, sports, facility users, academic and business fields

The directors have the power to nominate and appoint directors in accordance with the arrangements as set out in the Memorandum and Articles of Association. New directors receive an induction pack and are briefed by the Chief Executive on their appointment on such subjects as their legal obligations, the latest Business and Marketing Plans, Annual Report and recent operational and financial performance of the Company. They are also encouraged to take part in Board Development Sessions and are encouraged to attend specific training and information events where these are relevant to their role on the Board.

Since the establishment of SLLC, new governance models have emerged. South Lanarkshire Council and South Lanarkshire Leisure and Culture Limited, have worked together to consider which governance model will deliver the best outcomes for both organisations. The proposal to move to a Scottish Charitable Incorporated Organisation (SCIO) was agreed by both South Lanarkshire Council and the South Lanarkshire Leisure and Culture Limited Board with the agreed date for transfer being 3 April 2023.

The directors who held office during the period and to the date of this report are shown below.

Dr Avril Osborne (Chair from November 2022) (appointed 15 September 2022)

Alan Morrison (Ad Interim Chair) (appointed 4 May 2022)

Councillor John Anderson (appointed 22 June 2022)

Dr Angela Beggan

Neil Brown (appointed 15 September 2022)

Councillor Andrea Cowan (appointed 22 June 2022)

Robert Craig

Craig Cunningham

Councillor Maureen Devlin (appointed 22 June 2022)

Chris Goudie (appointed 15 September 2022)

Councillor Ross Lambie (appointed 22 June 2022)

Paul McCormick (resigned 31 January 2023)

Lisa Maule (appointed 15 September 2022)

Councillor Mo Razzaq (appointed 22 June 2022)

Stephen Smellie

David Booth (resigned 7 June 2022)

Councillor Peter Craig (Chair) (resigned 4 May 2022)

Councillor Gerry Convery (resigned 7 June 2022)

Councillor Margaret Cooper (resigned 7 June 2022)

Councillor Lynne Nailon (resigned 5 May 2022)

Johan Steele (resigned 1 June 2022)

Management arrangements

The Board meets four times a year to consider Company business and also refers decision-making on recruitment and disciplinary appeals to sub-committees. The Board has an established Audit Committee to consider and review matters such as financial management and reporting, risk management and the governance arrangements for the company. A Chief Executive is appointed by the Board to manage the day to day operations of the Company. To ensure that operations are carried out effectively, the Chief Executive has delegated authority within an approved scheme for matters including personnel, finance, procurement and operations.

Risk management

The Company is committed to providing a high quality service in an environment which is safe for customers and staff and is underpinned by the public service values of accountability, probity and openness. Robust risk management and internal control are an essential part of good governance and are integral to the delivery of this commitment.

The fundamental aim of the Company's risk management approach is to ensure that all key risks which could introduce uncertainty to the achievement of its strategic objectives are identified, analysed, evaluated, managed and monitored. We manage risk intelligently, instilling risk awareness across the Company.

To that end the Company has in place a risk management strategy which comprises:

- Annual identification and review of the business risks the Company may face
- The maintenance and development of a risk register detailing the systems and controls required to manage and mitigate the risks identified

Through a process of prioritisation and assessment, the Company is able to focus on the business risks most likely to have the highest impact on its operations should they materialise. The risk register is reviewed by the Audit Committee and focuses on financial, reputational and operational continuity risks.

Key risks include the following:

- Impact of possible reduction in funding due to reduced income or reductions in the management fee from South Lanarkshire Council (SLC) – this is mitigated through close liaison with the Council, robust financial management, effective forward planning and impact assessment.
- Private sector competition - this is mitigated through effective marketing and business planning, the development of a strong brand/image, competitive pricing, maintaining facilities and continuing to develop an online presence to compete with the rapid growth of the online exercise market.
- Failure to comply with legislation - this is mitigated through ensuring all relevant policies and procedures are up to date and the provision of specialist training and partnership working with external agencies/ benchmarking groups.
- Information technology system failure – this is mitigated through the development of the IT Service Plan, our Business Continuity/Contingency plans in place for times when systems down and the identification of new, or updated, customer facing systems

In addition, operational risk assessments are in place at each of the facilities which the Company operates. These risk assessments are subject to continual review and monitoring. Policies and procedures are in place for child protection and officers have been appointed to develop and monitor health and safety risks and to establish procedures to monitor the standards of first aid training and pool lifeguard training, these also being subject to external verification.

The Audit Committee meets prior to each Board meeting. The Committee has responsibility for overseeing the effective management of organisational risk and reviews risk management practice on an on-going basis in addition to an annual review of the risk register.

The Council's Internal Audit department, also carries out regular cyclical reviews, focusing on areas of perceived risk which are designed to report on the effectiveness of the risk management process.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm, so far as they each are aware, that

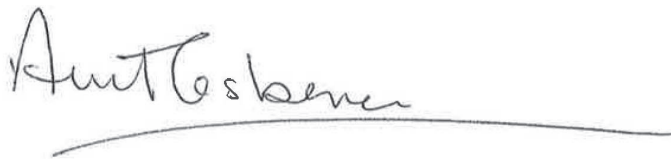
- there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant information and to establish that the Company's auditors are aware of that information.

Auditor

Azets audit services will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the board



Dr Avril Osborne
Chair of the Board, South Lanarkshire Leisure and Culture Limited

Date: 4 October 2023

Statement of responsibilities of the Directors of South Lanarkshire Leisure and Culture Limited

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing these financial statements, the directors are required to:

- **select** suitable accounting policies and then apply them consistently;
- **make** judgements and accounting estimates that are reasonable and prudent; and
- **prepare** the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members and trustees of South Lanarkshire Leisure and Culture Limited for the period ended 2 April 2023

Opinion

We have audited the financial statements of South Lanarkshire Leisure and Culture Limited (the parent charitable company) and its subsidiary (the group) for the period ended 2 April 2023 which comprise the Consolidated and Parent Charitable Company Statement of Financial Activities (incorporating the Income and Expenditure Account), the Consolidated and Parent Balance Sheet, the Consolidated Statement of Cash Flows and the notes to the financial statements, including 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's and the parent charitable company's affairs as at 2 April 2023 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our 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.

Independent auditor's report to the members and trustees of South Lanarkshire Leisure and Culture Limited continued.

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 group's or the parent 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 Strategic Report, other than the financial statements and our Auditor's Report thereon. The trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 (incorporating the Strategic Report), which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Directors' Report (incorporating the Strategic Report) have 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 Directors' Report (incorporating the Strategic Report).

Independent auditor's report to the members and trustees of South Lanarkshire Leisure and Culture Limited continued.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees (who are the directors of the charitable company for the purpose of company law and trustees of the charitable company for the purposes of charity 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's and the 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 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 the 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.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud. We obtain and update our understanding of the group and the parent charitable company, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework

Independent auditor's report to the members and trustees of South Lanarkshire Leisure and Culture Limited continued.

Auditor's responsibilities for the audit of the financial statements (continued)

applicable and how the group and the parent charitable company are complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the charitable company that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and the parent charitable company through discussions with the trustees and other management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and the parent charitable company, including the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and taxation, data protection, anti-bribery, environmental, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the charitable company's legal advisors.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in these financial statements were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the parent charitable company's members, as a body, and the trustees, as a body, 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 parent charitable company, the parent charitable company's members, as a body, and the parent charitable company's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed: 

Nick Bennett, Senior Statutory Auditor
For and on behalf of
Azets Audit Services
Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 4 October 2023

Consolidated statement of financial activities (incorporating the Income and Expenditure Account)

For the period 1 April 2022 to 2 April 2023

Registered Company Number: SC225702

	Note	Unrestricted General Funds	Unrestricted Pension Funds	Unrestricted Designated Funds	Total Unrestricted Funds	Restricted Funds	2023 Total Funds	Restated 2022 Total Funds
		£000	£000	£000	£000	£000	£000	£000
Income from:								
Charitable activities	3	38,780	-	-	38,780	1,703	40,483	32,562
Job Retention Scheme Income		-	-	-	-	-	-	1,234
Trading activities	4	1,162	-	-	1,162	-	1,162	808
Investments	5	5	-	-	5	-	5	5
Total Income		<u>39,947</u>	<u>-</u>	<u>-</u>	<u>39,947</u>	<u>1,703</u>	<u>41,650</u>	<u>34,609</u>
Expenditure on:								
Raising funds	4	623	-	-	623	-	623	373
Charitable activities	6	39,489	4,795	-	44,284	1,591	45,875	38,867
Net interest cost of pension scheme		-	(183)	-	(183)	-	(183)	243
Total expenditure		<u>40,112</u>	<u>4,612</u>	<u>-</u>	<u>44,724</u>	<u>1,591</u>	<u>46,315</u>	<u>39,483</u>
Net (expenditure)/income		<u>(165)</u>	<u>(4,612)</u>	<u>-</u>	<u>(4,777)</u>	<u>112</u>	<u>(4,665)</u>	<u>(4,874)</u>
Transfers between funds:								
Repairs and renewals designated fund movement		12	-	(12)	-	-	-	-
		<u>12</u>	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses):								
actuarial gains/(losses) on defined benefit pension scheme		-	(2,455)	-	(2,455)	-	(2,455)	24,139
Net movement in funds		<u>(153)</u>	<u>(7,067)</u>	<u>(12)</u>	<u>(7,232)</u>	<u>112</u>	<u>(7,120)</u>	<u>19,265</u>
Reconciliation of funds:								
Total funds brought forward restated		959	9,175	247	10,381	765	11,146	(8,119)
TOTAL FUNDS CARRIED FORWARD		<u>806</u>	<u>2,108</u>	<u>235</u>	<u>3,149</u>	<u>877</u>	<u>4,026</u>	<u>11,146</u>

All income and expenditure derive from continuing activities.

Parent company statement of financial activities

For the period 1 April 2022 to 2 April 2023

Registered Company Number: SC225702

	Note	Unrestricted General Funds	Unrestricted Pension Funds	Unrestricted Designated Funds	Total Unrestricted Funds	Restricted Funds	2023 Total Funds	Restated 2022 Total Funds
		£000	£000	£000	£000	£000	£000	£000
Income from:								
Charitable activities	3	39,297	-	-	39,297	1,703	41,000	32,953
Job Retention Scheme Income		-	-	-	-	-	-	1,234
Investments	5	21	-	-	21	-	21	33
Total Income		<u>39,318</u>	<u>-</u>	<u>-</u>	<u>39,318</u>	<u>1,703</u>	<u>41,021</u>	<u>34,220</u>
Expenditure on:								
Charitable activities	6	39,489	4,795	-	44,284	1,591	45,875	38,867
Net interest cost of pension scheme		-	(183)	-	(183)	-	(183)	243
Total expenditure		<u>39,489</u>	<u>4,612</u>	<u>-</u>	<u>44,101</u>	<u>1,591</u>	<u>45,692</u>	<u>39,110</u>
Net (expenditure)/income		<u>(171)</u>	<u>(4,612)</u>	<u>-</u>	<u>(4,783)</u>	<u>112</u>	<u>(4,671)</u>	<u>(4,890)</u>
Transfers between funds:								
Repairs and renewals designated fund movement		12	-	(12)	-	-	-	-
		<u>12</u>	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses):								
actuarial gains/(losses) on defined benefit pension scheme		-	(2,455)	-	(2,455)	-	(2,455)	24,139
Net movement in funds		<u>(159)</u>	<u>(7,067)</u>	<u>(12)</u>	<u>(7,238)</u>	<u>112</u>	<u>(7,126)</u>	<u>19,249</u>
Reconciliation of funds:								
Total funds brought forward restated		925	9,175	247	10,347	765	11,112	(8,137)
TOTAL FUNDS CARRIED FORWARD		<u>766</u>	<u>2,108</u>	<u>235</u>	<u>3,109</u>	<u>877</u>	<u>3,986</u>	<u>11,112</u>

All income and expenditure derive from continuing activities.

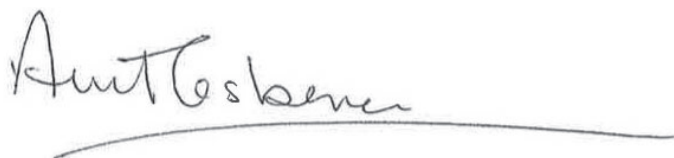
Consolidated balance sheet

at 2 April 2023

Registered Company Number: SC225702

	Note	2023 £000	2023 £000	Restated 2022 £000	Restated 2022 £000
Fixed assets					
Tangible assets	10		83		72
<i>Tangible fixed assets</i>			<u>83</u>		<u>72</u>
Current assets					
Stocks		146		153	
Debtors	12	2,050		1,548	
Cash at bank and in hand	13	7,193		6,292	
<i>Total current assets</i>		<u>9,389</u>		<u>7,993</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(6,926)		(5,536)	
Net current assets			<u>2,463</u>		<u>2,457</u>
Total assets less current liabilities			<u>2,546</u>		<u>2,529</u>
Creditors: amounts falling due after more than one year	16		(628)		(558)
Net assets excluding Pension Fund			<u>1,918</u>		<u>1,971</u>
Pension Fund asset	21		2,108		9,175
Net assets			<u><u>4,026</u></u>		<u><u>11,146</u></u>
The funds of the charity					
Designated funds	17(b)		235		247
General fund excluding Pension reserve			806		959
Pension reserve	21		2,108		9,175
Total Unrestricted Surplus			<u>3,149</u>		<u>10,381</u>
Restricted funds	17(a)		877		765
Total Surplus			<u><u>4,026</u></u>		<u><u>11,146</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 4 October 2023 and have been signed on its behalf by:



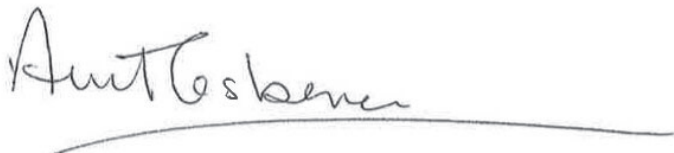
Dr Avril Osborne
Chair of the Board, South Lanarkshire Leisure and Culture Ltd.

Company balance sheet

at 2 April 2023

	Note	2023 £000	2023 £000	Restated 2022 £000	Restated 2022 £000
Fixed assets					
Tangible assets	10		83		72
Investments	11		-		-
<i>Total fixed assets</i>			83		72
Current assets					
Stocks		56		59	
Debtors	12	2,566		1,937	
Cash at bank and in hand	13	6,649		5,880	
<i>Total current assets</i>		9,271		7,876	
Liabilities					
Creditors: amounts falling due within one year	14	(6,848)		(5,453)	
Net current assets			2,423		2,423
Total assets less current liabilities			2,506		2,495
Creditors: amounts falling due after more than one year	16		(628)		(558)
Net assets excluding Pension Fund			1,878		1,937
Pension Fund asset	21		2,108		9,175
Net assets			3,986		11,112
The funds of the charity					
Designated funds	17(b)		235		247
General fund excluding Pension reserve			766		925
Pension reserve	21		2,108		9,175
Total Unrestricted Surplus			3,109		10,347
Restricted funds	17(a)		877		765
Total Surplus			3,986		11,112

The financial statements were approved and authorised for issue by the Board of Directors on 4 October 2023 and have been signed on its behalf by:



Dr Avril Osborne
Chair of the Board, South Lanarkshire Leisure and Culture Ltd.

Consolidated statement of cash flows

For the period 1 April 2022 to 2 April 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
<i>Net cash provided by / (used in) operating activities</i>	19	948	1,194
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(52)	(48)
Proceeds from sale of tangible fixed assets		-	-
Interest received		5	5
		<u>(47)</u>	<u>(43)</u>
<i>Net cash provided by/(used in) investing activities</i>		(47)	(43)
Increase in cash and cash equivalents		901	1,151
Cash and cash equivalents at beginning of reporting period		<u>6,292</u>	<u>5,141</u>
Cash and cash equivalents at the end of the reporting period		<u><u>7,193</u></u>	<u><u>6,292</u></u>
 Parent company statement of cash flows			
For the period ended 2 April 2023			
	Note	2023 £000	2022 £000
Cash flows from operating activities			
<i>Net cash provided by / (used in) operating activities</i>	19	800	808
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(52)	(48)
Proceeds from sale of tangible fixed assets		-	-
Interest received		21	33
		<u>(31)</u>	<u>(15)</u>
<i>Net cash provided by/(used in) investing activities</i>		(31)	(15)
Increase in cash and cash equivalents		769	793
Cash and cash equivalents at beginning of reporting period		<u>5,880</u>	<u>5,087</u>
Cash and cash equivalents at the end of the reporting period		<u><u>6,649</u></u>	<u><u>5,880</u></u>

Notes

(forming part of the accounts)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered to be material to the financial statements.

General information

South Lanarkshire Leisure and Culture Limited is responsible for the operation, management and development of indoor and outdoor sport and leisure facilities, community halls, arts venues, country parks, libraries and museums. It is a company limited by guarantee with charitable status and does not have share capital. The company's registered number is SC225702 and registered office is Floor 5, Council Offices, Almada Street, Hamilton ML3 0EW.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Company meets the definition of a public benefit entity under FRS 102 and has taken advantage of paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

The financial statements have been prepared for the period 1 April 2022 to 2 April 2023 but the comparatives are for the year to 31 March 2022 as SLLC converted to a Scottish Charitable Incorporated Organisation (SCIO) on 3 April 2023. The charitable company decided to extend the current period by 2 days which is longer than the comparatives as allowed by Companies Act.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgements in the process of applying accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company from 1 April 2022 to 2 April 2023 and its subsidiary undertaking SLL Trading Limited made up to 31 March 2023 to take account of the transfer of the charitable trust to a SCIO on 3 April 2023.

Income and expenditure

Owing to the special nature of the business of the Company and in the interests of presenting the results clearly to the members, it is considered inappropriate to adhere to the income and expenditure format described under section 400 of the Companies Act 2006. A statement of financial activities has been prepared in a form which is considered to give the members a true and fair view of the results for the period and which also complies with the requirements of Section 400 of the Act and Statement of Recommended Practice applicable to charities (Charities SORP (FRS 102)).

Going concern

The financial statements have been prepared on the basis of accounting policies that are consistent with the treatment of the charitable company as a going concern. Following The Covid-19 pandemic the business continues to recover with the majority of facilities resuming normal service. Both the Directors and South Lanarkshire Council remain committed to addressing any remaining trading challenges to ensure SLLC remains a going concern.

On 3 April 2023, SLLC converted to a Scottish Charitable Incorporated organisation (SCIO) and will now be known as South Lanarkshire Leisure and Culture SCIO. All assets and liabilities of the Limited Company were transferred to the SCIO on this date and existing funding arrangements with SLC remain in place.

Funds

Funds are classified as either restricted funds or unrestricted funds, and are defined as follows:

Restricted funds are funds subject to specific conditions declared by the donor. Some are restricted income funds expendable at the discretion of the Board in furtherance of a particular activity, such as government grants for a specific centre, and funds raised for particular client groups or activities. Others are capital funds where the assets are required to be invested for long term use.

Unrestricted funds are expendable at the discretion of the Board in furtherance of the objectives of South Lanarkshire Leisure and Culture Limited. If part of the unrestricted fund is earmarked at the discretion of the Board for a particular project it is designated as a separate fund. This designation has an administrative purpose only, and does not legally restrict the Board's discretion to apply the fund. Unrestricted funds include the results of the non-charitable trading subsidiary, details of which are given in note 4 to the financial statements.

Notes continued.

(forming part of the accounts)

Income recognition

All incoming resources are included in the Statement of Financial Activities when the charitable company is entitled to the income, receipt is probable and the amount can be reliably measured.

Grants and receipts from local and central government agencies which are of a revenue nature are payable to SLLC at the discretion of the funding body and are credited to the Statement of Financial Activities in the period to which the funding applies, provided its receipt has been approved by the funding body, by the date of issue of the financial statements.

Operating income, including membership fees and admission charges for use of facilities and hire of equipment, is credited to the Statement of Financial Activities on a cash basis, adjusted, where appropriate, to an accruals basis where a receipt is in respect of a service straddling the financial period end.

Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis and are recognised when there is a legal or constructive obligation to pay for expenditure.

All costs which are directly attributable to the objects of the charity are included within this category. All items are included on the accruals basis.

Irrecoverable input VAT

Irrecoverable input VAT, with the exception of VAT suffered on the purchase of fixed assets, is charged directly to the income and expenditure account in the year it is incurred, under the heading of Supplies and Services.

Leases

Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Financial assets and financial liabilities

Financial instruments are recognised in the Statement of Financial Activities when the charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payment discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from assets expire, or when the charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Fixed assets and depreciation

The Company does not capitalise individual items with a cost of less than £500, or repairs and renewals expenditure of a capital nature.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life. The rates generally applicable are:

Fixtures and fittings	5 years
Sports equipment	5 years
Motor vehicles	5 years
Office equipment and computers	5 years

Stocks

Stocks of materials and consumables are stated at the lower of cost and net realisable value in the ordinary course of operating.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

Notes continued.

(forming part of the accounts)

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks and are measured at fair value.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

Taxation

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2011 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received under sections 466 to 493 of the Corporation Tax Act 2010 and section 256 of the Taxation of Charitable Gains Act 1992, to the extent that such income or gains are supplied exclusively to charitable purposes.

Pensions

Certain employees of South Lanarkshire Leisure and Culture Limited are members of the Strathclyde Pension Fund. The pension costs charged in the period are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service life of employees in the scheme, so as to ensure that the regular pension costs represent a substantially level percentage of the current and expected future pensionable payroll. Variations from regular costs are spread over the remaining service lives of current employees in the scheme.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Financial Activities. All costs related to the defined benefit scheme are recognised in the Statement of Financial Activities.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

From 1 September 2013, the new duties outlined in the Pensions Act 2011 apply to SLLC and as such, all employees who meet the eligible jobholder criteria are automatically enrolled into the Local Government Pension Scheme. To comply with the Pension Act 2011, SLLC must re-enrol employees into the pension scheme every three years; the next re-enrolment date is October 2025. Employees are entitled to 'opt out' of the pension scheme if they wish.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised in the Statement of Financial Activities when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2 Critical judgements and estimates

In preparing the financial statements, trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Critical judgements are made in the application of income recognition accounting policies and the timing of the recognition of income in accordance with the Charities SORP (FRS 102).

Defined benefit scheme and other post employment benefits

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate and inflation rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension asset or liability.

Notes continued.
(forming part of the accounts)

3 Income from charitable activities

	Group 2023 Total £000	Group 2022 Total £000	Company 2023 Total £000	Company 2022 Total £000
Unrestricted funds				
sport and physical activities	8,479	5,198	8,479	5,198
outdoor recreation	2,754	2,643	2,754	2,643
cultural venues	2,728	1,718	2,728	1,718
libraries and museum	92	42	92	42
support	40	118	557	509
income from South Lanarkshire Council	24,687	21,371	24,687	21,371
Total income from charitable activities	<u>38,780</u>	<u>31,090</u>	<u>39,297</u>	<u>31,481</u>
Restricted funds				
sport and physical activities	1,658	1,417	1,658	1,417
outdoor recreation	-	6	-	6
cultural venues	7	7	7	7
libraries and museum	38	42	38	42
support	-	-	-	-
Total restricted funds income	<u>1,703</u>	<u>1,472</u>	<u>1,703</u>	<u>1,472</u>

4 Income from trading activities

The Company owns 100% of the ordinary share capital of SLL Trading Limited, a company registered in Scotland (company number SC 225901) and pays all of its profits to the Company under the gift aid scheme. A summary of the trading results is shown below.

Trading subsidiary's results

	2023 SLL Trading Limited £000	2022 SLL Trading Limited £000
Turnover	1,162	780
Cost of sales	(1,061)	(694)
Gross profit	101	86
Admin expenses	(79)	(70)
Profits before and after taxation	22	16
Distribution: payment under gift aid	(16)	(28)
Funds brought forward	34	46
Results carried forward	<u>40</u>	<u>34</u>

5 Investment income

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Bank interest	5	5	5	5
Distribution: payment under gift aid	-	-	16	28
	<u>5</u>	<u>5</u>	<u>21</u>	<u>33</u>

Notes continued.
(forming part of the accounts)

6 Resources expended

	Activities Undertaken Directly £000	Support Costs £000	2023 Total £000	Restated 2022 Total £000
Unrestricted funds				
sport and physical activities	18,135	-	18,135	14,048
outdoor recreation	4,024	-	4,024	3,553
cultural venues	8,991	-	8,991	7,019
libraries and museum	4,206	-	4,206	4,015
support	-	4,133	4,133	3,533
Provision of leisure and cultural activities	<u>35,356</u>	<u>4,133</u>	<u>39,489</u>	<u>32,168</u>
Restricted funds				
sport and physical activities	1,439	-	1,439	1,500
outdoor recreation	1	-	1	10
cultural venues	113	-	113	60
libraries and museum	38	-	38	36
support	-	-	-	-
Provision of leisure and cultural activities	<u>1,591</u>	<u>-</u>	<u>1,591</u>	<u>1,606</u>

7 Analysis of governance and support costs

	General Support £000	Governance £000	2023 £000	Restated 2022 £000
Management overhead	1,957	-	1,957	1,584
Finance	245	-	245	204
Administration	173	-	173	186
Business development, IT and marketing	1,081	-	1,081	988
Personnel	554	-	554	464
Governance element of support	-	57	57	50
Internal audit	-	37	37	37
External audit	-	26	26	20
Taxation advice	-	3	3	-
	<u>4,010</u>	<u>123</u>	<u>4,133</u>	<u>3,533</u>

Support costs are those incurred wholly or mainly in support of project work or other direct charitable activities and are integral to carrying out those activities. After identifying the cost of these support activities, the governance element is separately calculated based on the time spent throughout the period on governance activities and is consistent with prior years.

8 Net (outgoing)/incoming resources

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
The net (outgoing)/incoming resources are stated after charging:				
Interest payable	-	-	-	-
Depreciation of tangible fixed assets (note 10)	41	77	41	77
Loss on disposal of fixed assets	-	(2)	-	(2)
Rental charges under operating leases	221	194	221	194
Irrecoverable VAT	629	472	629	472
Tax Services Provided	5	2	2	1
Auditor remuneration: Audit of these financial statements	28	22	26	20
	<u>924</u>	<u>765</u>	<u>919</u>	<u>762</u>

Notes continued.
(forming part of the accounts)

9 Staff numbers and costs

	2023	2022
	£000	£000
The remuneration and associated costs of the Group and Company were:		
Wages and salaries	20,771	18,228
Social security costs	1,580	1,340
Pension costs	8,367	8,240
Other employee costs	114	79
Settlement payments	804	-
	<u>31,636</u>	<u>27,887</u>

No members of staff were made redundant during the period (2022:nil) therefore no lump sum payments were made.

A settlement payment of £804,000 was made to one ex employee as a result of employee tribunal judgement.

	2023	2022
	£000	£000
Five employees received a salary, including benefits in kind, of more than £60,000 in the following band:		
£100,000 - £109,999	1	-
£90,000 - £99,999	-	1
£60,000 - £69,999	4	2

These employees are members of the pension scheme.

No remuneration or expenses were paid to directors in their capacity as directors. However, one director was employed by the Company and received remuneration and benefits in their capacity as an employee as outlined below:

	Remuneration	Pension	Other	2023	2022
				£000	£000
Paul McCormick	32	6	-	38	36

The senior management team comprises five staff members; the general manager, the Company secretary and three senior managers with a total remuneration and benefits cost of £469,266 (2022:£433,271).

	2023	2022
	number	number
The average employee head count of the Company during the period was:		
Total	1,391	1,200

Notes continued.
(forming part of the accounts)

10 Tangible fixed assets Group & Company

	Office Equipment Computers £000	Furniture & Fittings £000	Motor Vehicles £000	Sports Equipment £000	Total £000
<i>Cost</i>					
At 1 April 2022	173	269	5	1,447	1,894
Additions	6	24	-	22	52
Disposals	(16)	(54)	-	(637)	(707)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	163	239	5	832	1,239
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 April 2022	163	267	5	1387	1,822
Provided for period	4	6	-	31	41
On disposals	(16)	(54)	-	(637)	(707)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	151	219	5	781	1,156
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 2 April 2023	12	20	-	51	83
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2022	10	2	-	60	72
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All tangible fixed assets were used for charitable purposes.

The majority of operations of the charity are carried out from assets leased from South Lanarkshire Council as explained in note 22.

11 Fixed asset investments - Company

	2023 £	2022 £
Investment in subsidiary undertaking	1	1

The Company owns 100% of the ordinary share capital of SLL Trading Limited. Their results are summarised at note 4.

12 Debtors

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade debtors	356	225	355	223
Amounts due from subsidiary undertaking	-	-	517	391
Due from South Lanarkshire Council	1,020	814	1,020	814
Prepayments and accrued income	114	44	114	44
Other debtors	560	465	560	465
	<hr/>	<hr/>	<hr/>	<hr/>
	2,050	1,548	2,566	1,937
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes continued.
(forming part of the accounts)

13 Cash and cash equivalents

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Cash at hand and in bank (no notice required to access deposit account)	7,193	6,292	6,649	5,880
	<u>7,193</u>	<u>6,292</u>	<u>6,649</u>	<u>5,880</u>
	<u><u>7,193</u></u>	<u><u>6,292</u></u>	<u><u>6,649</u></u>	<u><u>5,880</u></u>

14 Creditors: amounts falling due within one year

	Group 2023 £000	Restated Group 2022 £000	Company 2023 £000	Restated Company 2022 £000
Trade creditors	282	651	260	630
Bank overdrafts	409	-	409	-
Due to South Lanarkshire Council	1,912	2,179	1,912	2,179
Social security costs and other taxes	364	308	330	289
Deferred income	838	754	824	717
Other creditors and accruals	3,121	1,644	3,113	1,638
	<u>6,926</u>	<u>5,536</u>	<u>6,848</u>	<u>5,453</u>
	<u><u>6,926</u></u>	<u><u>5,536</u></u>	<u><u>6,848</u></u>	<u><u>5,453</u></u>

15 Deferred income

Deferred income comprises advance purchases of golf season tickets and activage memberships which will be used during 2023/24. It also includes advance ticket sales for a variety of performances and deposits for functions that will not take place until after 2 April 2023.

	Group 2023 £000	Company 2023 £000
Balance as at 1 April 2022	754	717
Amounts released to income during 2022/23	(744)	(707)
Amount deferred in period	828	814
Balance as at 2 April 2023	<u>838</u>	<u>824</u>
	<u><u>838</u></u>	<u><u>824</u></u>

16 Creditors: amounts falling due after more than one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Amount due to South Lanarkshire Council	628	558	628	558
	<u>628</u>	<u>558</u>	<u>628</u>	<u>558</u>
	<u><u>628</u></u>	<u><u>558</u></u>	<u><u>628</u></u>	<u><u>558</u></u>

Sums due to South Lanarkshire Council have no repayment terms. Interest is calculated based on the prevailing RPI for the period.

Notes continued.
(forming part of the accounts)

17 Net Assets of Group and Company

17(a) Restricted Funds - Group & Company

	Opening balance £000	Income £000	Expenditure £000	Transfers between funds £000	Period end closing balance £000
Sport & Physical Activity Funds					
Sport and Physical Activity Funds - 2022/23	519	1,658	1,439	-	738
Sport and Physical Activity Funds - 2021/22	602	1,417	1,500	-	519
Outdoor Recreation Funds					
Outdoor Recreation Funds - 2022/23	1	-	1	-	-
Outdoor Recreation Funds - 2021/22	5	6	10	-	1
Culture Funds					
Culture Funds - 2022/23	173	7	113	-	67
Culture Funds - 2021/22	226	7	60	-	173
Libraries and Museum - Funds					
Libraries and Museum Funds - 2022/23	62	38	38	-	62
Libraries and Museum Funds - 2021/22	56	42	36	-	62
Support Funds					
Support Funds - 2022/23	10	-	-	-	10
Support Funds - 2021/22	10	-	-	-	10
Total - 2022/23	765	1,703	1,591	-	877
Total - 2021/22	899	1,472	1,606	-	765

Notes continued.

(forming part of the accounts)

17(a) Restricted funds – Group & Company (cont)

Sport and Physical Activity Funds

Disability Play - Funds received from SLC Education Resources, Social Work Resources and Childcare Partnership to provide play activity and support for children with a disability, during the school holidays and the associated training of staff.

Active Futures - Sporting Chance – Big Lottery funding to enable young disadvantaged people to participate in a variety of sports that they would not ordinarily have access to.

Diversionsary Football - Funds received from the Proceeds of Crime Act to encourage involvement in football activities as a diversion from anti-social behaviour.

SFA (Tesco Bank) - Funds received from the SFA to provide a football league programme for schools.

Active After Schools - South Lanarkshire Council funding to provide school of sport residential activity programmes for the children from the 8 special education schools across the South Lanarkshire area.

Active Schools - Funds received from SportScotland and South Lanarkshire Council for the employment of primary and secondary school co-ordinators to increase awareness and levels of participation in sport and healthy activity amongst children.

Active Schools ICS - Funds received from Integrated Children's Services and Network Rail to be spent on specific projects within Active Schools.

CCP Training - Funds provided by South Lanarkshire Child Care Partnership for training identified by the Care Commission.

Disabled Interactive Sport in the Community (DISC) - Funds received from NHS Lanarkshire for disabled sports clubs in communities across South Lanarkshire.

Community Sports Hubs - Funding received from SportScotland for the delivery of the community sports hubs agenda in line with the Scottish Governments 2014 legacy plan.

Connections - Funding received from SLC Education Resource, NHS Lanarkshire and SLLC for a 2 year physical activity health intervention pilot project, which will target pre school, primary 1 and primary 2 pupils.

Positive Coaching Scotland - Funding provided by SportScotland to support roll out of Positive Coaching Scotland programme across South Lanarkshire.

Move Transfer - Funding received to develop a new diversionary project that would engage with Hard to Reach groups aged 8 – 18 years. The money was received from our partner organization the International Sports and Culture Association.

Clyde Gateway - Clydegateway supports the Active Schools programme within the Rutherglen area. The project focuses on increasing the number of young people involved in regular physical activity as well as supporting the development of community leaders.

PEPAS - Project in partnership with Education to develop an integrated approach across physical education, school sport and sport in the wider community.

Combined Health Intervention - Supports a number of the health team staff, health interventions and partnership programmes delivered by SLLC.

Clyde Gateway Nursery Project - Funding from the Clyde Gateway to support families in the Rutherglen area by increasing opportunities to improve their health and wellbeing.

Fairhill Microgrant - Funding from South Lanarkshire Renewable Energy Fund to allow Fairhill Community Groups to plan and organise activities for the local community, for example Fairhill Fun Day and Halloween Parties.

On the Move - funding from SLC Environmental Services to continue previous project 'beat the street' to develop walking and cycling in the Lanark area

SportsScotland Supplementary Investment 20/21 - Funds from Sports Scotland to be spent on a variety of programmes to compliment and increase the levels of children and young people taking part in sport and physical activity, supporting the Active Schools Programme.

SSGIS - Summer provision monies from SportScotland to deliver activity and support participation.

YFCL - Access to ACE and Fitness memberships as part of South Lanarkshire Council Get into Summer Programme

Participatory Budgeting - Monies from partners that support community-based initiatives, for example neighbourhood planning, delivering physical activity locally with a target or need in mind.

Vaslan Cbal - A fund from Voluntary Action South Lanarkshire that allows SLLC to deliver Community Based Adult Learning initiatives such as first aid or coaching qualifications.

Clyde Gateway NHS - To fund a post supporting hard to reach families and child healthy weight.

Outdoor Recreation Funds

Dementia Garden Development - Funding from SLC Social Work Resources to upgrade and enhance 3 areas at Calderglen Country Park to provide suitable surroundings and activities for dementia sufferers and their carers.

Scotland Loves Local - Funding to develop projects which improve and promote the local place and communities. This includes making small scale local improvements and supporting localised responses in town and settlement centres. The fund encourages communities to 'love local', recognise the importance of their local areas, and actively engage in and develop them.

Notes continued.

(forming part of the accounts)

17(a) Restricted funds – Group & Company (cont)

Culture Funds

Wee DRAMS Project - Funds received from South Lanarkshire Council Social Work Department to deliver artform activities within SLC Day and Residential Care facilities.

Give It a Go - Funded by Creative Scotland and in partnership with SLC Enterprise Resource to help promote Arts & Crafts projects and events in South Lanarkshire.

With a Song & a Smile - Funding by Choose Life to work with patients and outpatients from psychiatric wards at Hairmyres to deliver a series of singing workshops ahead of the creation of a choir.

PERF Arts Venue Relief Fund - managed and allocated via Creative Scotland to support immediate and critical financial need in order for venues which programme theatre and / or dance and / or music to remain solvent during the period of closure to the public and to plan for a sustainable return. This funding is to bridge the financial gap until opening plans and income projections are clearer.

Library and Museum Funds

Digitable - Funding received from Scottish Library and Information Council via the Scottish Government to encourage innovation and support pilot schemes in Scottish libraries.

Libraries Resource Fund - Funding from South Lanarkshire Council for the replacement of stock of books and other resources held within libraries.

Healthy Reading Project - Funding provided to develop the Healthy Reading book collections across all SLLC libraries.

Book Week Scotland - An annual event celebrating books and reading. This funding, provided by Scottish Book Trust, supported a series of author talks and other book related activities .

70 Voices - An intergenerational project, funded by the Scottish Library and Information Council, to celebrate 70 years of the town of East Kilbride.

Covid Adaptation Fund - A Museums Galleries Scotland fund designed to support museums with the costs of re-opening in a way that ensures the safety and confidence of staff, volunteers and visitors while government restrictions are still in place. The essential adaptations, equipment and training required to reopen are areas supported by this fund.

Future Digital Offer - a SLIC funded project which provided libraries with digital equipment to be used to develop our online presence, and train staff across libraries to give them the skills to allow them to make use of the equipment, filming events and uploading to social media etc

Kidscape Summer Project - enabled the museum service to deliver activities to children most impacted by COVID. The museum was able to strengthen and provide a summer provision of museum related activities to create opportunities to socialise, play and reconnect.

National Fund for Acquisitions - a national fund towards the purchase of a 19th-century mahogany Hamilton Fives Club ballot box, This fund is to support accredited museums in purchasing acquisitions that meets the criteria of funding

Play & Share - This project aims to protect the learning prospects and reduce the attainment gap for a generation of children (2-5yrs) who have been adversely affected by restrictions brought about by COVID-19. The activities will also assist with reducing social isolation, improving life chances, and supporting the mental health and wellbeing of the children and adults involved.

Harry Lauder Exhibition - Funding from Museums Galleries Scotland to produce a year long exhibition to showcase this Nationally Recognised Collection, which gained the ward in 2022. The exhibition opens in June 2023.

Carluke Lifestyles - David Wilson - Contribution from author to Carluke Library.

Lanark Records Conserve - grant funding awarded by National Manuscripts Conservation Trust to digitise Lanark Burgh records.

Support Funds

Carbon Loyalty Points Scheme - funds from South Lanarkshire Council to carry out or allow a pilot to be undertaken to promote active travel for leisure users

Notes continued.

(forming part of the accounts)

17(b) Designated Funds - Group and Company

	Balance at 31 March 2022 £000	Income £000	Expenditure £000	Transfers £000	Balance at 2 April 2023 £000
Repairs and Renewals Fund	247	-	(12)	-	235
	<u>247</u>	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>235</u>

The Repairs and Renewals Fund has been established to fund projects and initiatives designed to improve customer service including the regular replacement of health and fitness equipment across leisure facilities.

18 Analysis of net assets between funds

Group	Unrestricted funds £000	Designated funds £000	Restricted funds £000	Total £000
Fund balances at 2 April 2023 are represented by:				
Tangible fixed assets	83	-	-	83
Current assets	8,277	235	877	9,389
Current liabilities	(6,926)	-	-	(6,926)
Long term liabilities	(628)	-	-	(628)
Pension scheme asset	2,108	-	-	2,108
	<u>2,914</u>	<u>235</u>	<u>877</u>	<u>4,026</u>
Total net assets/(liabilities)				
	<u>2,914</u>	<u>235</u>	<u>877</u>	<u>4,026</u>
Company	Unrestricted funds £000	Designated funds £000	Restricted funds £000	Total £000
Fund balances at 2 April 2023 are represented by:				
Tangible fixed assets	83	-	-	83
Current assets	8,159	235	877	9,271
Current liabilities	(6,848)	-	-	(6,848)
Long term liabilities	(628)	-	-	(628)
Pension scheme asset	2,108	-	-	2,108
	<u>2,874</u>	<u>235</u>	<u>877</u>	<u>3,986</u>
Total net assets/(liabilities)				
	<u>2,874</u>	<u>235</u>	<u>877</u>	<u>3,986</u>

Notes continued.
(forming part of the accounts)

19 Notes to the cash flow statement

Consolidated

	2023 £000	Restated 2022 £000
Reconciliation of expenditure to net cash flow from operating activities		
Expenditure for the reporting period	(4,665)	(4,874)
Interest receivable	(5)	(5)
Loss / (gain) on sale of fixed assets	-	2
Depreciation	41	77
Decrease/(increase) in stock	7	(30)
(Increase) in debtors	(502)	(114)
Increase in creditors	1,460	802
Pension reserve funding deficit	4,612	5,336
Net (used in)/provided by operating activities	948	1,194

Parent Company

	2023 £000	Restated 2022 £000
Reconciliation of expenditure to net cash flow from operating activities		
Expenditure for the reporting period	(4,671)	(4,890)
Interest receivable	(21)	(33)
Loss / (gain) on sale of fixed assets	-	2
Depreciation	41	77
Decrease/(increase) in stock	3	(11)
(Increase)/decrease in debtors	(629)	(454)
Increase in creditors	1,465	781
Pension reserve funding deficit	4,612	5,336
Net (used in)/provided by operating activities	800	808

20 Commitments

	Land and buildings £000	Other £000	2023 Total £000	Land and buildings £000	Other £000	2022 Total £000
(a) Future minimum lease payments under non cancellable operating leases are:						
Operating leases which expire:						
In the first year	-	133	133	-	153	153
In the second to fifth years inclusive	-	77	77	-	135	135
Total	-	210	210	-	288	288

(b) Capital commitments

There were no capital commitments at the end of the current period or preceding financial periods.

21 Pension Scheme

Certain employees of the Company are members of the multi employer defined benefits pension scheme, the Strathclyde Pension Fund. In accordance with FRS 102 the Company is required to disclose certain information relating to the scheme.

The Superannuation Fund is a defined benefit scheme into which employee' and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are tiered and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31 March 2021. Employer's contributions for the period 2 April 2023 amounted to £3,538,000 (31 March 2022: £3,070,000).

Notes continued.
(forming part of the accounts)

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	2023	2022
	£000	£000
Present value of funded obligations	(171,298)	(165,921)
Present value of unfunded obligations	(1,508)	(1,859)
Fair value of plan assets	174,914	176,955
	<hr/>	<hr/>
Net asset	2,108	9,175

The amounts recognised in the Statement of Financial Activities are as follows:

	2023	2022
	£000	£000
Current service cost	8,414	8,240
Contributions paid	(3,619)	-
Interest cost on defined benefit obligation	4,618	3,512
Interest income on plan assets	(4,801)	(3,269)
	<hr/>	<hr/>
	4,612	8,483
	<hr/> <hr/>	<hr/> <hr/>

Past Service Credit

In July 2010, the government announced that it intended for future increases in Public Sector pension schemes to be linked to the changes in the Consumer Prices Index (CPI) rather than as previously, the Retail Price Index (RPI). The directors have considered the rules of the pension scheme and associated members' literature and have concluded that this change is a change in benefits and so has recognised the resulting credit as a reduction in costs of services provided.

Changes in the present value of the defined benefit obligation are as follows:

	2023	2022
	£000	£000
Opening defined benefit obligation	167,780	172,346
Current service cost	8,414	8,240
Past service cost	-	-
Interest cost	4,618	3,512
Contributions by members	1,061	928
Actuarial (gains)/losses	(6,384)	(14,837)
Benefits paid	(2,602)	(2,332)
Unfunded benefits paid	(81)	(77)
	<hr/>	<hr/>
Closing defined benefit obligation	172,806	167,780
	<hr/> <hr/>	<hr/> <hr/>

Notes continued.
(forming part of the accounts)

21 Pension Scheme (contd)

Changes in the fair value of the plan assets are as follows:

	2023	2022
	£000	£000
Opening fair value of plan assets	176,955	162,718
Interest income on plan assets	4,801	3,269
Actuarial gains	(8,839)	9,302
Contributions by employer	3,538	3,070
Contributions by members	1,061	928
Contribution in respect of unfunded benefits	81	77
Benefits paid	(2,602)	(2,332)
Unfunded benefits paid	(81)	(77)
	<hr/>	<hr/>
Closing fair value of plan assets	174,914	176,955
	<hr/>	<hr/>
Net asset for the period	2,108	9,175
	<hr/>	<hr/>

The group expects to contribute £3,538,000 to its defined benefit plan in 2024.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2023	2023	2022	2022
		£000		£000
Equities	60%	104,949	64%	113,251
Bonds	28%	48,976	24%	42,469
Property	10%	17,491	10%	17,696
Cash	2%	3,498	2%	3,539
		<hr/>		<hr/>
TOTAL		174,914		176,955
		<hr/>		<hr/>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2023	2022
	%	%
Pension increase rate	2.95%	3.20%
Discount rate at 31 March	4.75%	2.70%
Salary increase rate	3.65%	3.90%

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

	Males	Females
Current pensioners	19.3 years	22.2years
Future pensioners	20.5 years	24.2 years

22 Related party transactions

South Lanarkshire Council ('the Council') made a contribution of £24,686,938 (2022: £21,370,795) to the Company in the period to 2/4/23 and, as in previous years, leased the facilities occupied by the Company for a peppercorn rent. In addition, the Council provided various administrative, financial, internal audit and IT services for which the Company was charged £817,167 (2022: £812,714). The Company also paid the Council £109,298 (2022: £107,200) for the rent of its headquarters.

At 2 April 2023 the Company owed South Lanarkshire Council £1,911,938 (2022: £2,179,175) and South Lanarkshire Council owed the Company £1,019,793 (2022: £814,145). In addition, the Company owed South Lanarkshire Council £628,226 (2022: £577,927) falling due after more than one year - see note 16.

The Company charged a rent of nil to its wholly owned subsidiary SLL Trading Limited during the period. The Company did however recharge its trading subsidiary £438,090 (2022: £320,898) to cover the salaries of employees who undertook work on behalf of the trading company. In addition, an administrative charge of £79,091 (2022: £69,939) was charged to cover various overheads.

At 2 April 2023 the Company was owed a net £517,181 (2022: £390,566) by the trading company.

One director of the Company was a senior official of South Lanarkshire Council during the period ended 2 April 2023; David Booth (resigned 7/6/22).

Notes continued.
(forming part of the accounts)

23 Post Balance Sheet Events

On 3 April 2023, SLLC converted to a Scottish Charitable Incorporated Organisation (SCIO) and will now be known as South Lanarkshire Leisure and Culture SCIO. All assets and liabilities of the Limited Company were transferred to the SCIO on this date and existing funding arrangements with South Lanarkshire Council remain in place.

24 Prior year misstatement

The prior year figures were restated to take account of over accrued expenditure of £330,955.

This resulted in a decrease in accruals of £330,955; and a decrease in prior year expenditure of £42,021; which resulted in an increase in general funds excluding pension reserves of £330,955 in both the consolidated and company financial statements.

Impact on consolidated financial statements:	General funds excluding pension reserve 31 March 2022 £000	Net movement in funds 31 March 2022 £000
As previously stated	628	19,223
Prior year adjustment - correction of over accrued expenditure	<u>331</u>	<u>42</u>
Restated	<u>959</u>	<u>19,265</u>

Impact on company financial statements:	General funds excluding pension reserve 31 March 2022 £000	Net movement in funds 31 March 2022 £000
As previously stated	594	19,207
Prior year adjustment - correction of over accrued expenditure	<u>331</u>	<u>42</u>
Restated	<u>925</u>	<u>19,249</u>



2022-2023

Annual Accounts

Annual accounts for the period ended 2 April 2023.

Further copies of this report are available in PDF format on our website or by e-mailing:
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Leisure & Culture

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