

Culture and Leisure NL Ltd (formerly Culture NL Limited)
(Company Limited by Guarantee)

Annual Report
and Financial Statements

for the year ended 31 March 2020

Registered Number SC435540

Charity Number SC043891

Culture and Leisure NL Ltd

Annual Report and Financial Statements for the year ended 31 March 2020

Contents

Welcome from the Chair	3
Introduction from the Chief Executive	5
Annual Report incorporating the Strategic and Directors' Report for the year ended 31 March 2020	
Structure, Governance and Management	6
Reference and administrative details	10
Objectives	12
Principal Activities.....	13
Strategic Report for the Year Ended 31 March 2020	
Achievements and Performance	14
Financial Review	20
Annual Governance Statement.....	23
Statement of Directors' Responsibilities	24
Independent auditor's report to the trustees and members of Culture and Leisure NL Limited	25
Statement of Financial Activities for the year ended 31 March 2020 (incorporating the income and expenditure account)	28
Balance Sheet as at 31 March 2020	32
Cash flow Statement for the year ended 31 March 2020	36
Notes	38

Culture and Leisure NL Ltd

Welcome from the Chair of Culture and Leisure NL Limited

I'm delighted to present the 2019/20 Report and Financial Statements for Culture and Leisure NL Limited (formerly Culture NL). On the 29 April 2019, North Lanarkshire Council presented a report to committee to instruct the integration of North Lanarkshire Leisure (NLL) and Culture NL (CNL), with CNL to be retained as the vehicle moving forward renamed as Culture and Leisure NL. The merger took place on 22 June 2019 with the assets and liabilities of NLL donated to CNL, please refer to note 33 on page 61 for further details. As a result this annual report covers 12 months of cultural activity and 9 months of leisure activity, as a separate audit and report is required for NLL for the 3 month period prior to merger.

Culture and Leisure NL embraces its responsibility for the management and operation of entertainment venues and arts development, community facilities (including the letting of school halls and school pitches), sports and leisure services including sports development, museums, local studies, archives, libraries and information, along with catering, cleaning and caretaking associated with these functions.

Engagement in cultural and sporting activity is both life enriching and life affirming, and can also be life transforming.

2019/20 saw cultural and sporting activity continue to go from strength to strength generating over £17 million in income, with over 7.5 million attendances recorded across the services. Throughout the year our employees delivered a range of outstanding projects, continued to deliver on previously agreed Business and Service Plans and from June, following the merger, began to more fully understand the wider service areas with increased joint working, especially among support services and in some specialist areas such as arts and sport development, taking place.

2019/20 also presented a number of challenges including realising a saving of over £1.2 million by reducing expenditure budgets and generating new income opportunities, the conclusion of the merger of NLL with Culture NL, a significant change in the composition of the first CLNL Board of Directors, followed by a further change of Board and a decision taken by North Lanarkshire Council in January 2020 to disband the ALEO as of 1 April 2021 and return the services to the Council, resulting in a new insourcing project being developed requiring significant management resource from CLNL.

Such local challenges were however over shadowed by the COVID-19 pandemic whereby the CLNL 19/20 year end effectively concluded on 17 March 2020 for all cultural and leisure services due to the decision taken by the Board and Council to cease services to reduce transmission of the virus, followed a week later by the national lockdown.

The significant impact of COVID-19 resulted in closure of all CLNL services 14 days before the end of the financial year. This 2 week period from mid to end of March saw cancellation of sporting events, museum events and activities, entertainment performances, community arts and sport development activities, and access to libraries with significant impact on community lets in facilities, including a number of social functions. Along with a full loss of income, over 1,100 CLNL employees were placed on furlough via the Government's Coronavirus Job Retention Scheme (CJRS). The impact on culture and leisure services and employees of COVID-19 cannot be underestimated.

During this period however CLNL staff were instrumental in providing care services for children of key workers and vulnerable children and adults, volunteering to deliver medicines on behalf of the NHS and providing essential home support duties to the most vulnerable people within our local community.

Culture and Leisure NL Ltd

Such major changes whether on a local or a global scale require significant staff time and have the potential to adversely impact on both staff and services however in these times of uncertainty the importance of participation in, and enjoyment of, cultural and sporting activity cannot be underestimated with numerous studies having shown the invaluable contribution arts, culture, sport and leisure make to individual health and wellbeing.

The continued success of CLNL would not be possible without the support of the Board of Directors, who freely give their time and energy to help shape the direction of the organisation. We have welcomed new Directors during 19/20 to ensure that the Board continues to have a broad skills base relevant to the services and interests of CLNL and each member brings expertise and experience to the organisation. It is a privilege to chair the Board of Culture and Leisure NL and I thank all Board members for their contribution and continued support.

Finally, I would like to thank the staff, volunteers and senior management of Culture and Leisure NL for their continued hard work throughout this challenging year. All employees and volunteers are clearly fully committed to delivering a customer focused, aspirational and financially sustainable organisation focused on our local communities and beyond. Culture and Leisure should be part of all our lives.

Stephen Penman, Chair

Culture and Leisure NL Limited

Culture and Leisure NL Ltd

Introduction from the Chief Executive of Culture and Leisure NL (formerly Culture NL)

As mentioned in the Chair's statement, 2019/20 was both an eventful and challenging year for delivery of culture, sport and leisure with many changes occurring throughout the year for CLNL.

We successfully completed a merger bringing together both culture and sport in June 2019 after a lengthy review and planning process and since then the employees have been identifying opportunities to work together and learn from each other while still recognising that many systems and historic working practices may require adaptation.

The decision by North Lanarkshire Council in January 2020 to return both culture and leisure services to Council control as of 1 April 2021 has resulted in additional work for many of the senior management team as a new Insourcing Project Group and associated work streams were established to ensure smooth transition for CLNL employees and services as of 1 April and, with savings still to be secured followed by the impact of COVID-19, the latter part of 2019/20 was particularly challenging. In June 2020 the former Managing Director of leisure services left the organisation and I assumed full managerial responsibility for the Charity.

Despite what could be perceived as an unsettling period, our employees have continued to deliver a range of excellent cultural and sporting services for the communities of North Lanarkshire and beyond recording attendances of over 7.5m and securing over £17m in income.

Increasing attendances, sell out performances, new partnership projects, more externally funded projects and high profile entertainment and sports events have led to another successful year for the organisation.

Throughout the year we continued to engage with customers, respond to their feedback and focusing on future programming of activity continued to develop a new Programming Strategy, supported by customer, staff and non-user research. We concluded the year with our business and service plan targets either complete or on track, despite the challenges already outlined in the Chair's introduction.

Culture and Leisure NL remains a successful organisation, performing well and delivering high quality and inspiring cultural, sporting and leisure experiences and facilities for our customers and visitors in line with Council requirements.

As in each year, none of the achievements and successes outlined in the annual report and financial statements could have been delivered without a dedicated team of staff and my thanks are conveyed to all.

Jillian Ferrie

Chief Executive

Culture and Leisure NL Ltd

Annual Report incorporating the Strategic and Directors' Report for the year ended 31 March 2020

The Directors have pleasure in submitting the Annual Report that incorporates the Strategic Report, Directors' Report and financial statements of the charitable company required under the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013 for the year ended 31 March 2020. The Directors' Report incorporates the requirements of the Trustees' Report as required by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The financial statements comply with the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, Governance and Management

Culture and Leisure NL (formerly Culture NL) is a registered Scottish charity and Company Limited by Guarantee. North Lanarkshire Council is the sole member of the Company. The Charity commenced trading on 1 April 2013 as Culture NL, and any surpluses generated are reinvested to improve the facilities and services we provide to the communities of North Lanarkshire and beyond.

The Charity is governed by its Memorandum and Articles of Association (approved on 20 November 2012 and updated in 2019) through a Board currently comprising up to 13 directors. Currently four Partner Directors are officers of North Lanarkshire Council; three Independent Directors are appointed from the arts, business, marketing and community sectors following an agreed recruitment process; and one Trade Union Director is appointed from within the 3 recognised Trade Unions.

The Chair of the Board is appointed from the Partner Directors. North Lanarkshire Council approve the appointments of the Independent Directors with each Independent Director chosen for their individual suitability and skills.

The Board is supported by a Company Secretary appointed by North Lanarkshire Council. Monitoring of Culture and Leisure NL is undertaken by North Lanarkshire Council.

The Directors act in accordance with OSCR's guidance on the general duties for charitable trustees with openness, integrity and accountability being key elements required of each Director. Each Director can hold office until the conclusion of the third Annual General Meeting when they are then eligible for re-appointment.

The Board is responsible for:-

- Ensuring the organisation complies with the requirements of the funding agreement between North Lanarkshire Council and Culture and Leisure NL;
- Developing and approving the annual business plan prior to its submission to North Lanarkshire Council;
- Ensuring external funding opportunities are maximised;
- Monitoring the financial position of the organisation;
- Accepting and acting in accordance with company director responsibilities to ensure compliance with appropriate legislation; and
- Driving the direction of the organisation to ensure all agreed outcomes are achieved as planned.

Culture and Leisure NL Ltd

The Board has undertaken specific training and received legal guidance on the roles and responsibilities of a Director under both charity and company law. Further training is provided from suitably qualified staff as required by the Board.

The Board continues to fulfil its responsibilities relating to the organisation's financial statements and auditing, accounting and financial reporting processes, and the organisation's systems of internal control regarding finances, accounting and financial reporting.

The Chief Executive of Culture and Leisure NL reports to the Board of Directors and is responsible for the day to day operational management of the organisation. The pay setting for all staff within cultural services, including key management personnel, is in accordance with the COSLA approved single status job evaluation scheme. The remuneration of leisure senior management posts was set as part of a job evaluation exercise carried out by external consultants in 2014 using external benchmarking and was approved by the NLL Audit Committee. This exercise is reviewed and updated if the job description for the post is altered.

Culture and Leisure NL has mechanisms in place to ensure that key elements of its governance framework are subject to regular review;

- CLNL has well-established service and financial planning arrangements including Business and Financial Plans which detail the organisation's mission and strategic aims and which have been approved by the Board;
- CLNL has well-established financial management processes which produce financially robust and deliverable financial budgets which are integrated with wider business planning;
- The Board of CLNL meets regularly to monitor financial and service performance;
- Directors have received training on their expected roles and responsibilities designed to enable them to effectively discharge their duties; and
- CLNL has an approved risk management policy and associated risk registers which are subject to review by senior management.

In the Board's view, reasonable assurance can be placed on the adequacy and effectiveness of CLNL's system of internal control and governance for the year to 31 March 2020.

Group Structure and related parties

The charitable company, Culture and Leisure NL (formerly Culture NL), owns 100% of the share capital of both :

CultureNL Trading C.I.C.

Company Number: SC 441869

Registered Address: Summerlee Museum of Scottish Industrial Life, Heritage Way, Coatbridge, Lanarkshire, ML5 1QD

North Lanarkshire Leisure Trading C.I.C.

Company Number: SC365792

Registered Address: 1 Ardgoil Drive, Cumbernauld, G68 9NE

Culture and Leisure NL Ltd

The subsidiary undertakings' principal activities are the provision of catering facilities and conferencing, hospitality and special leisure events.

These financial statements are prepared on a consolidated basis to include both charity and C.I.C.s. North Lanarkshire Council is the sole member of CLNL and is deemed to be a related party, further details of the related party transactions are disclosed in note 30.

Disability Policy

Culture & Leisure NL Ltd (CLNL) (formerly Culture NL Ltd) is an Equal Opportunities employer, seeking to employ a wide range of skills and talents to ensure a diverse and committed workforce. A comprehensive suite of policy and practice, in support of this, is contained in our Employee Handbook. All employment policies and practices, including our Equality and Diversity Policy and Recruitment Policy fully comply with equality legislation and best practice. Our Equal Opportunities Policy extends to include access to our training and development opportunities, making this available for all.

Employees

Culture and Leisure NL Ltd (CLNL) (formerly Culture NL) take employee engagement extremely seriously and encourage the involvement of its employees in its management through a number of ways.

CLNL's Board of Directors includes a Trade Union Director who represents all recognised Trade Unions and the interests of all staff. The organisation also has a Joint Consultative Committee (JCC) which includes management, HR and representatives from each Trade Union together with an Employee Representative who is appointed to represent all non-Trade Union members and this individual also attends all JCC meetings. These meetings are held on a regular basis. Both management and the Trade Unions fully consult staff on all decisions likely to affect them.

In terms of communication with staff, this is a two way process with the organisation communicating a wide range of information regarding the performance of the organisation and other areas where staff are affected. This includes the issuing of a Staff Newsletter on a fortnightly basis, regular email employee communications, managers briefings and posting information on CLNL's Intranet.

Staff are encouraged to feedback information to CLNL management through team meetings, staff surveys and through the Trust's Employee Recognition and Staff Suggestion Schemes. There is an employee rewards scheme in place which awards vouchers to any member of staff who makes a suggestion which is then implemented and there is also an "employee of the month" scheme where managers and colleagues can highlight exceptional performance of members of their team and their "stories" are published in the staff newsletter and they receive a prize.

Merger of North Lanarkshire Leisure and Culture NL

On the 29th April 2019, North Lanarkshire Council presented a report to committee to instruct the integration of North Lanarkshire Leisure (NLL) and Culture NL (CNL), with CNL to be retained as the vehicle moving forward renamed as Culture & Leisure NL Ltd. The merger took place on 22nd June 2019 with the assets and liabilities of NLL donated to CNL for £nil consideration; the excess of liabilities over assets amounted to

Culture and Leisure NL Ltd

£9,959,985 which are included in the charitable expenditure this year, please refer to note 33 for further information.

Insourcing to North Lanarkshire Council

At a committee meeting on January 31st 2020 approval was given to insource the delivery of Culture, Sport and Leisure Services to North Lanarkshire Council (NLC). This transfer of services will take place on April 1st 2021 and all assets and liabilities of Culture & Leisure NL Ltd (formerly Culture NL Ltd) will be donated to NLC for £nil consideration.

Culture and Leisure NL Ltd

Director's Report and Financial Statements

The directors are pleased to present their Report and Financial Statements for the year ending 31st March 2020.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Reference and administrative details

Company Number SC435540

Charity Number SC043891

Registered Office Summerlee Museum of Scottish Industrial Life, Heritage Way,
Coatbridge, Lanarkshire, ML5 1QD

Directors	Date of appointment if during 2019/20	Date of Resignation if during 2019/20
Robert C. S. Turner	20.05.20	
William M. Stewart		24.04.20
Rose A. Munro	05.12.19	
William T. Craik	05.12.19	
Nicole Paterson	05.12.19	
Stephen Penman	05.12.19	
James Sweeney	05.12.19	
Andrew T. McPherson	05.12.19	
William Shearer	09.07.19	13.08.20
Louise A. Roarty	22.06.19	14.11.19
Frank McNally	22.06.19	13.11.19
Kathleen E. McLoughlin	22.06.19	14.11.19
Gregor McKenzie	22.06.19	14.11.19
Jordan J. Linden	22.06.19	15.11.19
Robert McCallum	22.06.19	14.11.19
Derek Gamble	06.06.19	14.11.19
Fiona Fotheringham	22.06.19	15.11.19
Trevor S. Douglas		13.11.19
David C. Craig		14.11.19
Robert Burgess	22.06.19	13.11.19
Alan Beveridge	22.06.19	13.11.19
John H. Lambert		22.06.19
Richard M. Stratton		22.06.19
Heather A. McVey		22.06.19
Michael McPake		22.06.19

Culture and Leisure NL Ltd

Cameron W. McManus	22.06.19
Thomas R. Johnston	22.06.19
Olivia Carson	22.06.19
Adam G. A. Smith	22.06.19
Lindsay Stewart	20.08.20

Chief Executive Jillian Ferrie

Key Management Personnel 10 Senior Managers from Culture Services and 5 from Leisure Services

Company Secretary A Aitken Appointed 30.04.20
F Ekinli Resigned 30.04.20

Independent auditor RSM UK Audit LLP
First Floor, Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG

Solicitors Anderson Strathern
1 Rutland Court, Edinburgh, EH3 8EY

Bankers Royal Bank of Scotland
113 Buchanan Street, Glasgow, G1 3PL

Culture and Leisure NL Ltd

Objectives and Activities

The charitable company's objectives as per the governing document are:

- To help the people of North Lanarkshire to flourish through the provision of cultural, sporting and leisure activities;
- To advance the arts, heritage, culture and science;
- To advance public participation in sport;
- To provide recreational facilities, and organise recreational activities, with such facilities/activities being made available to members of the public at large with the object of improving their conditions of life;
- To advance education;
- To advance health;
- To promote equality and diversity;
- To advance citizenship and/or community development (which may include the promotion of civic responsibility, volunteering, the voluntary sector and/or the effectiveness or efficiency of charities) and enhance and promote North Lanarkshire as the place to live, learn, work, invest and visit, a place where there is a shared ambition for inclusive growth and prosperity for all;
- To relieve those in need by reason of age, ill health, disability, financial hardship or other disadvantage;
- Any other purpose that may reasonably be regarded as analogous to any of the preceding purposes through the provision of services (including those entrusted to it by the Council), which contribute to the delivery of cultural, sporting and leisure activities which contribute to advancing wellbeing including
- The operation and management of facilities for the delivery of cultural, sporting and leisure activities;
- The development and delivery of cultural, sporting and leisure activities, events and educational activities directed towards wider participation in such activities;
- The facilities provided shall be available to the public at large and special facilities may be provided for persons who by reason of their youth, age, infirmity or disability; and poverty, social or economic circumstances may have need of special facilities; and
- The use of such facilities may be extended to members of the public, out with the operating area, who desire to and can conveniently make use of them.

Culture and Leisure NL Ltd

Principal Activities

The principal activities which link to the above objectives are the provision of Cultural and Leisure Services across North Lanarkshire which includes creative services, libraries and museums within the Cultural provision and sports venues incorporating gym and group fitness provision, golf, swimming and sports development activities such as gymnastics, tennis and football for under 18's within Leisure.

In order to measure success a monitoring framework is in place which identifies a number of Key Performance Indicators (KPI's) and Statutory Performance Indicators (SPI's) and statistics relating to the principle service, programme and project areas. These indicators relate to the Council's and the North Lanarkshire Partnerships key priority areas, with targets being established and agreed, and a quarterly report produced which provides an indication of direction of travel towards achieving the required outcomes, and flagging under or over performance. The performance and achievements during 2019/20 are detailed on pages 14 to 16.

Culture and Leisure NL works with a number of volunteers mainly within the club sport and museums and heritage sections. Other volunteers work on short term projects within the archives, curatorial and learning teams across the museums and heritage section; as part of the MacMillan Cancer Care team or within community arts.

Culture and Leisure NL Ltd

Strategic Report for the year ended 31 March 2020

Performance and Achievements

The CLNL Business, Service and Performance plans outline the issues, aims and objectives the organisation seeks to tackle along with the changes and differences the organisation seeks to make each year. The performance targets, aims and objectives, and progress relating to these, are reported to both the Board of Culture and Leisure NL and North Lanarkshire Council on a quarterly basis throughout the financial year.

The 'Meeting Our Objectives' section below outlines progress achieved in 2019/20.

Meeting Our Objectives

Although 2019/20 saw NLL merge with Culture NL the performance targets identified for both services in previous years continued and were reported to both Board of Directors and North Lanarkshire Council. Prior to service cessation due to COVID-19, a suite of new performance indicators covering both culture and leisure were being developed for 20/21 with NLC. It is expected that this work will recommence in due course.

Culture and leisure have set a challenging range of aims and objectives for 19/20 which comply with our charitable objectives and activities. The combined list of aims and objectives is too lengthy to include in this review of 19/20 however the following should be noted:

Results at a Glance!

£17,732,306 income generated

£738,405 external funding secured

4,414,275 attendances at sport/leisure facilities and activities

893,811 physical and virtual visits to museums

26,654 people attending community arts classes and workshops

220,263 people attendances at entertainment venues

28.5% of North Lanarkshire population using digital services within libraries

1,462,835 visits to public libraries

787,503 people using community facilities

Retention of Visit Scotland 4* grading at Summerlee Museum of Scottish Industrial Life, North Lanarkshire Heritage Centre and Time Capsule.

Although the majority of public sector and charitable cultural and leisure services have numerous statutory and key performance indicators which they monitor and report on for a range of different purposes and stakeholder groups, the two key performance indicators for CLNL are attendances and customer income.

Attendances are important as a key service and charitable aim is to increase participation and activity levels in both culture and sport with a view to improving the health, wellbeing and welfare of the communities served.

Culture and Leisure NL Ltd

Customer income has become increasingly important as it facilitates service reinvestment in the light of declining revenue budgets, allowing the pursuit of CLNL's core charitable and business objectives of increasing participation in sport and cultural activity.

Over the past year both culture and leisure services seen income decrease slightly compared with last year with cultural services down 2.9% and leisure services down 3.7% mainly due to the impact of enforced service closure due to coronavirus and, in the case of leisure, increased local competition.

Although the transfer from North Lanarkshire Leisure occupied part way through the year, and therefore the comparative year was achieved in NLL as a separate legal entity, the analysis of performance and achievements below compares the full year performance year on year of Leisure.

Attendance increased significantly within museums in 19/20, overall by over 100% compared with the previous year. This was due to the increase in people accessing the new museum collection on line, increased enquiries and increased interaction on social media. Other sections within cultural services saw a decrease in attendance due to the cancellation of lets, events and activities, along with all physical visits halfway through March.

Leisure's customer attendance fell to 4.32m in 2019/20, with a reduction of 311,225 (-6.71%) on 2018/19, however besides the impact of COVID-19 there were a number of venue closures during 19/20 to undertake necessary capital and cyclical maintenance works, plus standalone swimming pool opening hour reductions in response to savings requirements, which combined have impacted the attendance figure for leisure overall.

CLNL has continued to focus on customer service and quality facilities in order to compete with the leisure budget market with an ongoing plan of improving and developing products and facilities and an increase in corporate partnerships. This also includes the introduction of an app with over 11,000 users, upgrades to gym facilities and class programmes, providing more variety and tailored fitness programmes as well as maintaining a continued focus on inclusivity.

Cultural services year end annual sickness absence saw exactly the same difference in average annual sickness absence FTE days lost per employee in 2019/20 (excluding March 2020) as in 2018/19. The greatest sectional difference in the year was within museums and heritage where absence increased. The greatest improvement was within caretaking, cleaning and catering which saw average absence drop by 0.6 FTE days lost per employee.

The year end annual sickness absence level for leisure services was 3.0% compared to 2.71% in 2018/19. The split for 2019/20 was 1.83% short term absence and 1.17% long term absence, compared to 1.29% short term and 1.42% long term in 18/19. The decrease in long term absence reflects the focus on early intervention by management. A review of short term absence will be carried out to identify areas for improvement.

90.9% of agreed cultural services targets were within or above threshold by quarter 4, despite the closure of services 2 weeks prior to year end. General attendance at museums and venues remained strong, as did community use of schools and the number of people attending community arts activities.

Culture and Leisure NL Ltd

The impact of COVID-19 on overall financial year performance effectively removed 2 weeks from the financial year resulting in 63.6% (7 of 11) of cultural targets being within or above threshold with attendance at entertainment venues, museums and community arts increasing. The remaining 4 targets were under threshold mainly due to service restructures, cancellation of events and bookings and physical inability of people to use the service during part of March 2020.

The leisure key performance information for year end 2019/20 showed overall performance has been encouraging in light of challenging operational circumstances, with approximately 38% of the targets having met or exceeded expectations with 41% in the Amber category. The global attendance KPI shows a reduction compared to the previous years' performance. The Pools Sports Performance Indicator (SPI) displays a marginal reduction compared to previous years' performance. The Indoor Sports SPI encouragingly showed a slight increase, whereas the Outdoor Sports SPI showed a reduction as COVID- 19 struck at the peak of the competitive fixture season.

With 10 apprenticeships at the year end in place across culture and leisure, exceeding the annual target of 5, opportunities for young people are made possible in partnership with both North Lanarkshire Council and the Scottish Governing Body for tennis.

Culture and Leisure NL Ltd

Selected 19/20 Highlights

- North Lanarkshire Council opened a free to use £60,000 new outdoor gym at Airdrie Leisure Centre funded through the Community Matters (Locality Partnership) programme, aiming to increase outdoor physical activity levels.
- In partnership with the Council and the Scottish Association of Mental Health (SAMH), the leisure team assisted in the planning of the inaugural SAMH running event covering either 5k or 5 miles at its Drumpellier Country Park on the 30 June 2019.
- Ravenscraig Regional Sports Facility was the venue chosen by the SFA to host their Mental Health Transition League with 14 teams consisting of 120 players taking part, with it being deemed a huge success by those taking part.
- The service worked in partnership with Walking Football Scotland to co-ordinate and host an over 50s and 65s National League with teams coming from across Scotland once a month to Ravenscraig to compete. Teams participating include the Leisure team, Hearts FC, Ayr United and Stenhousemuir, with 22 teams across both age categories comprising around 220 players per month competing.
- Leisure partnered with Scottish Athletics to deliver the National Cross Country relays at Cumbernauld House and Park on Saturday 26th October 2019. Sixty seven clubs from across Scotland entered their athletes and over 1700 participants took part in this national event.
- The service has established a partnership with 3 football clubs in the local community (Yett Farm, AC Rovers and Villa Park) to provide support through delivering their early years football programme and thereafter the children have a clear pathway in to club football at the age of 5.
- The Time Capsule undertook a £400,000 refurbishment, including relocating the skate hire to the side of the rink to permit the expansion of waterpark changing area with additional family changing facilities as well as increasing single cubicles and additional lockers.
- Pre-school age tennis sessions were introduced at Broadwood Stadium, Airdrie Leisure Centre and Ravenscraig for 3-5 year olds, in partnership with Tennis Scotland and the Lawn Tennis Association.
- The new gym at Wishaw Sports Centre opened on Monday 28th October 2019, following a week long closure for upgrading and improvement works, incorporating the latest cardio-vascular and resistance equipment and significantly expanding the functional strength and conditioning provision in accordance with current industry trends.
- In partnership with Scottish Swimming, leisure services locally launched the See My Ability programme as part of an integrated disability learn to swim programme of the National Learn to Swim Framework, with swimming being a highly inclusive activity at all performance levels for a wide range of disabilities.
- Motherwell Theatre's 2019/20 pantomime, Beauty and the Beast, received a 4 star review in The Stage, with 95% occupancy achieved over an incredible 105 performances.
- As part of a season of events, Summerlee Museum's annual Health and Wellbeing Fair took place in partnership with NHS Lanarkshire. During a busy day, visitors to the museum were advised on yoga, healthy eating, volunteering, and fitness. Besides this, general volunteering at the museum continued to develop during the year with volunteering opportunities in visitor engagement, tram driving, tram restoration, engineering, grounds maintenance and gardening (including MacMillan and mental health groups) available.
- On a similar theme, Love Life, Love Libraries annual week focusing on health and wellbeing took place in libraries during February with a full programme of activity very well received.

Culture and Leisure NL Ltd

- During 19/20 the museums learning team delivered a range of Curriculum for Excellence linked workshops in schools, including Scottish History and STEM topics.
- The recently launched museum collection website had over 3000 users in late 19/20. Besides enabling online viewing of the collection items, engaging content has been added by the curatorial team including blogs, stories and newly digitised objects for the collection, which is of national significance to Scotland.
- The curatorial team recently acquired material relating to the LGBT+ community so they can be represented in the museum collection. Items, included a Pride flag signed by pupils and teaching staff from Airdrie Academy's Pride Not Prejudice group, along with oral history testimonies.
- North Lanarkshire Heritage Centre's summer exhibition 'Pong to Playstation' was a great success, attracting over 9,500 visitors from May to August.
- Summerlee Museum celebrated the centenary of Albion Rovers Cliftonville Stadium with an exhibition entitled 'A Game of Two Halves' which ran from July until October and attracted 17,500 visitors.
- Over 60,000 people visited Summerlee over the summer with Libraries Big Day out in August, hosted at the museum and celebrating all that is good about libraries, attracting 1,100 visitors.
- MacMillan in Lanarkshire launched a number of new services in 19/20 and continued to see volunteer numbers increase, those participating in Move More increase and further uptake of the services offered through the cancer support and information services.
- Motherwell Concert Hall enjoyed a busy final quarter to the financial year with a number of sell out comedy and live music performances by Jimmy Carr, Gary Faulds and Twin Atlantic, plus the return of snooker to the Concert Hall after many years.
- Airdrie Town Hall cinema continued its successful programme of live performance on the big screen with shows including a live broadcast interview with Billy Connolly, Riverdance, Scottish Opera's La Boheme, and The Nutcracker. The Venues team continue to develop the service with the latest bespoke cinema event being on Valentine's Day with tables for two and themed food and drink, plus movie, in an intimate setting.
- The Performing Arts team once again collaborated with Scottish Opera in March on the Memory Spinners project. On the theme of 'Elixir of Love' the team used music, storytelling, movement and visual arts during the project, which is very effective for people with dementia.
- Pantomime workshops with Ian 'Sheepie' Smith and the Performing Arts team sold out quickly in February, following the phenomenal success of the near capacity panto, and were hugely successful with the children who participated.
- The Performing Arts New Territory project ended in December 2019. The team successfully worked with 3 young people to develop their arts leadership skills. New Territory is a partnership project with Youth Arts Theatre Scotland (YAS) and is funded by Cashback for Creativity. The aim of the project is to develop young leaders in areas of multiple deprivation.

Culture and Leisure NL Ltd

Plans for future periods

As detailed on page 9, at a committee meeting on January 31st 2020 approval was given to insource the delivery of Culture, Sport and Leisure Services to North Lanarkshire Council (NLC). This transfer of services will take place on April 1st 2021 therefore the future plans detailed within this section for Culture & Leisure provision will be pursued as part of NLC.

The services is committed to the continued development of cultural and sporting activity and is responsible for delivering a service of major importance to the communities of North Lanarkshire and beyond. We aim to further develop our programmes of activity in order to enable as many people as possible, regardless of age or ability, to engage with culture and sport. We aim to build on the good work already undertaken whilst continuously improving our organisation and we aim to be the very best we can be whilst taking cognisance of the pressures and challenges we face, mainly from budget reduction which translates into an overall reduction of resource, be it funding or people.

Our ambition ensures that we focus on the delivery of culture, sport and leisure services which people wish to use; ensure we are delivering the services required, meeting needs and making a difference to the lives of those who enjoy our services. We are continually finding out more about our audiences and customers and further promoting the wider organisation and the services we provide. We will continue to be as efficient as possible, making use of new technology and ensuring we continue to spend wisely. We are making best use of the strengths and experience of our employees and developing further strategies and action plans to provide a focus for all sections within the organisation.

Our aims for 2020/21 include:-

- realising our Business Plan with continued assessment of progress and performance
- developing services following the merger of North Lanarkshire Leisure with CultureNL
- preparing both employees and services for the transfer of culture and leisure to North Lanarkshire Council in 2021
- implementing capital funded projects
- implementing any agreed asset management plans
- maintaining improvement in the Trading Companies
- further developing volunteering opportunities within Culture and Leisure NL
- continuing to work within the How Good Is Our Culture & Sport performance framework
- realising further efficiency and cost pressure savings
- continuing with customer engagement plans.

With the challenge of further efficiency savings to be realised in 2020/21 our focus remains on smarter working, increased income generation and strong operational and financial management.

Culture and Leisure NL Ltd

Financial Review

On the 29th April 2019, North Lanarkshire Council presented a report to committee to instruct the integration of North Lanarkshire Leisure (NLL) and Culture NL (CNL), with CNL to be retained as the vehicle moving forward renamed as Culture & Leisure NL. The merger took place on 22nd June 2019 with the assets and liabilities of NLL donated to CNL for £nil consideration; the excess of liabilities over assets amounted to £9,959,985 which are included in the charitable expenditure this year, please refer to note 33 for further information.

The group's activities in the year were split between Culture and Leisure NL Limited undertaking charitable activities, CultureNL Trading C.I.C undertaking catering/Business Units and North Lanarkshire Leisure C.I.C. undertaking conferencing, hospitality and special events. The consolidated financial results are covered below.

Culture & Leisure NL Ltd (formerly Culture NL Ltd) receives an annual management fee from North Lanarkshire Council, which in the year to 31 March 2020 amounted to £17,007,581 (see note 30). Unrestricted income excluding management fee, pensions and transfer of NLL amounted to £17,732,306 during the year.

At 31 March 2020 the pension deficit of £8,932,000 (see note 29) is as a result of the inclusion of the retirement benefit obligations in accordance with the accounting treatment required by FRS102 Section 28 Employee Benefits. Statutory funding arrangements for the pension means that the deficit will be made good by increased contributions from the Company over the remaining life of the employees, as assessed by Hymans Robertson, the independent actuary for the scheme.

Before accounting for the donation from North Lanarkshire Leisure, the outturn on the General Fund and the Designated Fund was a deficit of £909,239 excluding pension.

The Board is pleased that this has been a successful sixth period of operation as an independent organisation from North Lanarkshire Council.

Principal Risks and Uncertainties

Culture and Leisure NL's risk management policy states that the Company will:

- identify and record the risks to the achievement of the charitable objectives;
- assess the risks to determine if they are acceptable with existing controls or require additional treatment;
- respond appropriately to the risks, based on the assessment; and
- monitor and report on the current status of risks and the effectiveness of their controls.

A risk register has been established to assist in assessing the risks based on Culture and Leisure NL's achievement of the charitable objectives. The resultant actions required to mitigate these risks is then considered and prioritised.

Looking forward significant risks to the organisation include:-

- increased efficiency savings targets
- failure to adapt to external factors e.g. competition, economic outlook
- reduction in customer income

Culture and Leisure NL Ltd

- impact on charity should trading arm fail to thrive
- loss of key staff
- failure to adapt to digital agenda and ensure IT systems are fit for purpose
- failure of third party providers to deliver service to standard required

Culture and Leisure NL plans to mitigate these risks in accordance with its risk register. Any reduction in the management fee or increased efficiency savings target presents a need to review service delivery and generate increased income.

Culture and Leisure NL is undertaking increased benchmarking with similar organisations and continues to be aware of competitors in order to inform future developments, pricing etc. We encourage this awareness raising and use it positively to develop the organisation.

The two trading arms have continued to work to implement changes to its structure, staffing and offer.

The impact of the loss of key or specialist staff is lessened by implementing succession planning where feasible and controlling vacancies.

With a number of Service Level Agreements in place with North Lanarkshire Council regular monitoring meetings take place along with an annual review in order to ensure appropriate and affordable service delivery is in place.

Going Concern

As noted previously on page 5, approval was given in January 2020 to insource the delivery of Culture, Sport and Leisure Services to North Lanarkshire Council (NLC). This transfer of services will take place on April 1st 2021 and all assets and liabilities of Culture & Leisure NL (CLNL) (formerly Culture NL Ltd) will be donated to NLC for £nil consideration. CLNL's operations will continue as part NLC, therefore the assets will be realised and liabilities fully discharged by NLC. The Directors have therefore concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting.

Investment Policy

The charitable company has high interest accounts with automatic transfer of funds at defined thresholds. This account has generated interest of £43,258 during the period.

Reserves Policy

At present there is no approved reserves policy for the Company and as at 1st April 2021 the reserves will transfer to NLC and be administered in line with NLC's policy. The Board has accumulated an unrestricted reserves fund as at the 31st March 2020 of £5,528,407 to provide some protection and to mitigate against future economic conditions. The present value of the Designated Reserves is £3,956,718; of this, £3,657,285 has been allocated to fund the staffing and organisational costs associated with the review and restructuring required to respond to COVID19, the 2020/21 savings, costs associated with future savings, the replacement of IT systems and equipment, and £24,234 is sums remaining from the fund set aside to support Sport Development Activities. In addition, in 2007 the NLL Board of Directors approved a designated fund for the purpose of future reinvestment in the assets and infrastructure of the company, the balance of this as at 31st March 2020 is £275,200 and relates to the outstanding depreciation on these investments.

Culture and Leisure NL Ltd

General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charitable company which have not been designated for any other purpose. The present value of the General Fund is £1,571,688.

Designated funds are unrestricted funds that have been set aside by the Directors for a specific purpose, which will be utilised during the next and future accounting periods against specific expenditure for asset improvement.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim of each restricted fund is set out in the notes to the financial statements. The present value of the Restricted Funds is £94,176.

Statement on disclosure of information to the auditor

The directors who hold office at the date of approval of this directors' report confirm that, so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps (such as making enquiries of other directors and the auditor and any other steps required by the director's duty to exercise due care, skill and diligence) that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and RSM UK LLP will therefore continue in office.

Culture and Leisure NL Ltd

Annual Governance Statement

Scope of Responsibility

Culture and Leisure NL is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions. This includes arrangements for the management of risk which is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

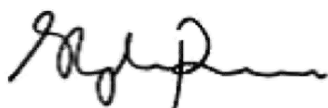
Governance Framework

The company has a number of policies and regulations which Directors and Officers must adhere to. These include:

- CLNL's "Financial Regulations" which details the company's framework of internal financial controls designed to ensure the effective stewardship of CLNL funds.
- CLNL's "Scheme of Delegation" which details the financial responsibilities specific to Senior Managers and Officers.

The Directors' Report and Strategic Report prepared under the Companies Act 2006, which also contains all information required in a Trustees Report by the Charities and Trustee Investment (Scotland) Act 2005, were approved by the Board of Directors on 11th November 2020 and signed on their behalf by:

Chair: S Penman:



Date: 12-11-2020

Culture and Leisure NL Ltd

Statement of responsibilities of the Directors of Culture & Leisure NL Limited in respect of the Trustees' annual report and the Financial Statements

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

Company and charity law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

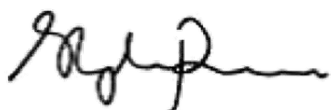
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of expenditure over income for that year. In preparing each of the group and charitable company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

Chair



Date: 12-11-2020

Culture and Leisure NL Ltd

Independent auditor's report to the trustees and members of Culture & Leisure NL Ltd

Opinion

We have audited the financial statements of Culture and Leisure NL Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities incorporating the Income and Expenditure Account, Parent Statement of Financial Activities incorporating the Income and Expenditure Account, the Consolidated Balance Sheet, the Parent Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 March 2020; and of the group's and the parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed 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 regulations made under those Acts.

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 FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Non-going concern basis of accounting

We draw attention to note 1 on page 38 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1 on page 38, a decision was made in January 2020 to disband Culture and Leisure NL Limited as of 1 April 2021 and to return the services to the Council. Culture and Leisure NL Limited will therefore cease trading at that date, with operations continuing as part of North Lanarkshire Council. Therefore, the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Culture and Leisure NL Ltd

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report and the strategic report, prepared for the purposes of company law and included within the annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report, included within the annual 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 the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report or the strategic report, included within the annual report.

We have nothing to report in respect of the following matters where 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 by the parent charitable company, 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 24 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Culture and Leisure NL Ltd

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 for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made exclusively to the 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 section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Kelly Adams MA (Hons), CA (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
Scotland
EH3 9QG

Date 24 November 2020

RSM UK AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Culture and Leisure NL Ltd

Consolidated Statement of Financial Activities for the year ended 31 March 2020 (incorporating the income and expenditure account)

	Note	General Fund 2020 £	Pension Fund 2020 £	Designated Fund 2020 £	Total Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
Income and endowments								
Incoming resources from trading activities								
Other trading activities:								
Catering & Trading CICs		2,454,556	-	-	2,454,556	-	2,454,556	2,106,944
Rental income		394,854	-	-	394,854	-	394,854	-
Merchandising		268,210	-	-	268,210	-	268,210	-
Income from Investments	2	43,258	-	-	43,258	-	43,258	34,984
<i>Total income and endowments from trading activities</i>		3,160,878	-	-	3,160,878	-	3,160,878	2,141,928
Income from charitable activities								
Advancement of culture, health, education and sport	4	31,080,382	-	-	31,080,382	738,405	31,818,787	16,488,668
Other Income								
Grant funding - furlough	3	427,366	-	-	427,366	-	427,366	-
Total income and endowments		34,668,626	-	-	34,668,626	738,405	35,407,031	18,630,596
Expenditure on:								
Raising funds:								
Catering & Trading CICs	5&13	2,678,656	-	-	2,678,656	-	2,678,656	2,019,037
Merchandising	5	126,061	-	-	126,061	-	126,061	59,298
<i>Total costs of raising funds</i>		2,804,717	-	-	2,804,717	-	2,804,717	2,078,335

Culture and Leisure NL Ltd

		General Fund 2020 £	Pension Fund 2020 £	Designated Fund 2020 £	Total Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
	Note							
Charitable activities								
Advancement of culture, health, education and sport	7	32,694,225	3,013,000	78,923	35,786,148	735,527	36,521,675	18,041,860
Donation from North Lanarkshire Leisure Limited	33	(1,431,005)	11,818,000	(378,357)	10,008,638	(48,653)	9,959,985	-
Total Expenditure		34,067,937	14,831,000	(299,434)	48,599,503	686,874	49,286,377	20,120,195
Net movement in funds and net income for the year	20	600,689	(14,831,000)	299,434	(13,930,877)	51,531	(13,879,346)	(1,489,599)
Actuarial gain/(loss) on defined benefit pension scheme	29	-	8,963,000	-	8,963,000	-	8,963,000	(3,065,000)
Net movement in funds		600,689	(5,868,000)	299,434	(4,967,877)	51,531	(4,916,346)	(4,554,599)
Fund balances brought forward at 1 April 2019	23	970,999	(3,064,000)	3,657,285	1,564,284	42,645	1,606,929	6,161,528
Total funds carried forward at 31 March 2020	22	1,571,688	(8,932,000)	3,956,719	(3,403,593)	94,176	(3,309,417)	1,606,929

Culture and Leisure NL Ltd

Parent Statement of Financial Activities for the year ended 31 March 2020 (incorporating the income and expenditure account)

	Note	General Fund 2020 £	Pension Fund 2020 £	Designated Fund 2020 £	Total Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
Income and endowments								
Incoming resources from trading activities								
Other trading activities:								
Catering - Leisure		715,884	-	-	715,884	-	715,884	-
Rental income		394,854	-	-	394,854	-	394,854	-
Merchandising		268,210	-	-	268,210	-	268,210	140,435
Income from Investments	2	43,258	-	-	43,258	-	43,258	34,984
<i>Total income and endowments from trading activities</i>		1,422,206	-	-	1,422,206	-	1,422,206	175,419
Income from charitable activities								
Advancement of culture, health, education and sport	4	31,080,382	-	-	31,080,382	738,405	31,818,787	16,488,668
Other Income								
Grant funding - furlough	3	427,366	-	-	427,366	-	427,366	-
Total income and endowments		32,929,954	-	-	32,929,954	738,405	33,668,359	16,664,087
Expenditure on:								
Raising funds:								
Catering		901,540	-	-	901,540	-	901,540	-
Merchandising		126,061	-	-	126,061	-	126,061	59,298
<i>Total costs of raising funds</i>	6	1,027,601	-	-	1,027,601	-	1,027,601	59,298

Culture and Leisure NL Ltd

	Note	General Fund 2020 £	Pension Fund 2020 £	Designated Fund 2020 £	Total Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Total 2019 £
Charitable activities								
Advancement of culture, health, education and sport	8	32,737,652	3,013,000	78,923	35,829,575	735,527	36,565,102	18,094,388
Donation from North Lanarkshire Leisure Limited	33	(1,431,005)	11,818,000	(378,357)	10,008,638	(48,653)	9,959,985	-
Total Expenditure		32,334,248	14,831,000	(299,434)	46,865,814	686,874	47,552,688	18,153,686
Net movement in funds and net income for the year		595,706	(14,831,000)	299,434	(13,935,860)	51,531	(13,884,329)	(1,489,599)
Actuarial gain/(loss) on defined benefit scheme	29	-	8,963,000	-	8,963,000	-	8,963,000	(3,065,000)
Net movement in funds		595,706	(5,868,000)	299,434	(4,972,860)	51,531	(4,921,329)	(4,554,599)
Fund balances brought forward at 1 April 2019	25	970,999	(3,064,000)	3,657,285	1,564,284	42,645	1,606,929	6,161,528
Total funds carried forward at 31 March 2020	24	1,566,705	(8,932,000)	3,956,719	(3,408,576)	94,176	(3,314,400)	1,606,929

Culture and Leisure NL Ltd

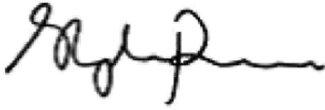
Consolidated Balance Sheet as at 31 March 2020

	Note	2020	2020	2019	2019
		£	£	£	£
Fixed assets					
Tangible assets	18		2,156,907		-
Investments			-		-
Current assets					
Stocks		98,217		73,059	
Debtors	14	3,494,023		2,534,416	
Cash at bank and in hand	26	7,450,628		7,208,591	
		11,042,868		9,816,066	
Current liabilities					
Creditors (amounts falling due within one year)	15	(7,053,352)		(5,145,137)	
Net current assets			3,989,516		4,670,929
Long Term Liabilities					
Creditors (amounts falling due after more than one year)	16		(523,840)		-
Net assets excluding pension fund (liability)			5,622,583		4,670,929
Pension fund (liability)	29		(8,932,000)		(3,064,000)
Net (liabilities)/assets			(3,309,417)		1,606,929
Funds					
Restricted funds	19		94,176		42,645
Unrestricted funds					
Designated fund - assets & infrastructure	21	275,200		-	
Designated fund – operational commitments	21	3,681,519		3,657,284	
General fund	22	1,571,688		971,000	
Unrestricted funds excluding pension reserve		5,528,407		4,628,284	
Pension reserve	29	(8,932,000)		(3,064,000)	
Total unrestricted funds			(3,403,593)		1,564,284
Total funds	20		(3,309,417)		1,606,929

Culture and Leisure NL Ltd

The financial statements were approved and authorised for issue by the Board of Directors on and were signed on its behalf by:

Chair:



Date: 12-11-2020

The Company registration number is **SC435540**.

The notes on pages 38 to 61 form part of the financial statements.

Culture and Leisure NL Ltd

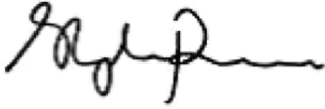
Company Balance Sheet as at 31 March 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	18		2,156,907		-
Investments			100		-
Current assets					
Stocks		66,607		28,796	
Debtors	14	3,366,328		2,180,430	
Cash at bank and in hand	27	7,366,634		7,202,680	
		10,799,569		9,411,906	
Current liabilities					
Creditors (amounts falling due within one year)	15	(6,815,136)		(4,740,978)	
Net current assets			3,984,433		4,670,929
Long Term Liabilities					
Creditors (amounts falling due after more than one year)	16		(523,840)		-
Net assets excluding pension fund (liability)			5,617,600		4,670,929
Pension fund (liability)	29		(8,932,000)		(3,064,000)
Net (liabilities)/assets			(3,314,400)		1,606,929
Funds					
Restricted funds	19		94,176		42,645
Unrestricted funds					
Designated fund - assets & infrastructure	21	275,200		-	
Designated fund – operational commitments	21	3,681,519		3,657,284	
General fund	24	1,566,705		971,000	
Unrestricted funds excluding pension reserve		5,523,424		4,628,284	
Pension reserve	29	(8,932,000)		(3,064,000)	
Total unrestricted funds			(3,408,576)		1,564,284
Total funds	24		(3,314,400)		1,606,929

Culture and Leisure NL Ltd

The financial statements were approved and authorised for issue by the Board of Directors on and were signed on its behalf by:

Chair:



Date: 12-11-2020

The Company registration number is **SC435540**.

The notes on pages 38 to 61 form part of the financial statements.

Culture and Leisure NL Ltd

Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Note	2020 £	2019 £
Cash Flows from Operating Activities			
Net cash provided by operating activities	26	(897,180)	730,066
Cash Flows from Investing Activities			
Cash generated on a business combination		1,466,736	-
Bank and other interest		43,258	34,984
Purchase of property, plant and equipment	18	(244,373)	-
Net Cash used in investing activities		1,256,621	34,984
Cash Flows from Financing Activities			
Repayment of Finance Lease		(1,715)	-
Repayment of Loan		(124,690)	-
Net cash used in financing activities		(126,405)	-
Change in cash and cash equivalents in the reporting year			
		242,036	765,050
Cash and Cash equivalents at the beginning of the reporting year		7,208,592	6,443,541
Cash and Cash equivalents at the end of the reporting year		7,450,628	7,208,591

The notes on pages 38 to 61 form an integral part of these financial statements

Culture and Leisure NL Ltd

Company Statement of Cash Flows for the year ended 31 March 2020

	Note	2020 £	2019 £
Cash Flows from Operating Activities			
Net cash provided by operating activities	27	(975,262)	730,565
Cash Flows from Investing Activities			
Cash generated on a business combination		1,466,736	-
Bank and other interest		43,258	34,984
Purchase of property, plant and equipment	18	(244,373)	-
Net Cash used in investing activities		1,265,621	34,984
Cash Flows from Financing Activities			
Repayment of Finance Lease		(1,715)	-
Repayment of Loan		(124,690)	-
Net cash used in financing activities		(126,405)	-
Change in cash and cash equivalents in the reporting year		163,954	765,549
Cash and Cash equivalents at the beginning of the reporting year		7,202,680	6,437,131
Cash and Cash equivalents at the end of the reporting year		7,366,634	7,202,680

The notes on pages 38 to 61 form an integral part of these financial statements

Culture and Leisure NL Ltd

Notes

(forming part of the financial statements)

1. Accounting policies

General Information / Legal Status

Culture and Leisure NL Ltd is charitable company limited by guarantee. The organisation meets the definition of a public benefit entity. The registered office details are in the Reference and administrative details section on page 10.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and legislation. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

Basis of consolidation

The group financial statements consolidate the financial statements of the charity and its subsidiary undertakings, North Lanarkshire Leisure Trading C.I.C and CultureNL Trading C.I.C. The results of the subsidiary are consolidated on a line by line basis

Period of performance in 2019-20

The performance outlined in this report, in respect of the 2019-20 financial year, covers the period from 1 April 2019 to 31 March 2020, the activities of North Lanarkshire Leisure Limited were transferred to Culture & Leisure NL (formerly Culture NL Ltd) on 22 June 2019.

Going Concern

As noted previously on page 5 and page 21, approval was given in January 2020 to insource the delivery of Culture, Sport and Leisure Services to North Lanarkshire Council (NLC). This transfer of services will take place on April 1st 2021 and all assets and liabilities of Culture & Leisure NL (CLNL) (formerly Culture NL Ltd) will be donated to NLC for £nil consideration. CLNL's operations will continue as part NLC, therefore the assets will be realised and liabilities fully discharged by NLC. The Directors have therefore concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting.

Funds

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

Restricted funds	Relates to specific grant income where the donor has declared what the money must be spent on. The trustees do not have the power to spend the money on
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Culture and Leisure NL Ltd

any other activity although some restricted funds may be expendable at the discretion of the Board in the furtherance of a specific activity.

Unrestricted funds	This is money that is expendable by the Board in the furtherance of the objectives of the charity. If part of an unrestricted fund is ear marked for a particular project it is designated as a separate fund (see below). This designation is for administrative purposes only and does not legally restrict the trustees.
Designated funds	Part of the unrestricted fund, but ear-marked by the Directors for a particular purpose. Refer to the Financial Review on Page21.

Income

All income is included in the Statement of Financial Activities in the year in which the group is entitled to receipt, any performance conditions have been met, it is probable the income will be received and the amount can be measured reliably. All grants under funding arrangements from local government are included on a receivable basis. Operating income, including investment income is recognised in the statement of financial activities on an accruals basis.

Where funders specify that grants must be used in future accounting years, the income is deferred until those years. When donors impose conditions which have to be fulfilled before the charitable company become entitled to the income, this income is deferred until the conditions have been met.

Expenditure

All liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the company to the expenditure. Where costs cannot be directly attributed to particular functional activities, they have been allocated to activities on a basis consistent with the use of resources.

Charitable expenditure incurred by the group can be defined as either:

- Charitable Activities – these are costs incurred in line with the charitable objectives and include both the direct costs, support costs and governance costs relating to these activities.
- Costs of Raising Funds – these are costs incurred in activities that raise funds.

Stock

Stocks held are in respect of provisions and supplies and are valued at the lower of cost and net realisable value in the ordinary course of operating.

Operating leases

Rentals paid under operating leases are charged at 1 full annual rental in year 1 and zero in the final year.

Pension costs

Culture and Leisure NL is a member of the Strathclyde Pension Fund, a defined benefit pension scheme, administered by Glasgow City Council. The scheme is open to all employees of the Group. The expected cost to the Company in respect of pensions is charged to the income and expenditure account to spread the costs of pensions over the services lives of the employees.

Culture and Leisure NL Ltd

As a result of the FRS102 Retirement Benefits being adopted in full, the regular service cost of providing retirement benefits to employees, the full cost or gain of providing amendments to benefits in respect of past service, income representing the expected return on assets of the fund and a cost representing the interest on the liabilities are charged to the statement of financial activities in the year.

Differences between actual and expected returns on assets during the year, together with differences arising from changes in assumptions underlying the present value of scheme liabilities and experience gains and losses arising on scheme liabilities are also recognised in the statement of financial activities as other comprehensive income. The difference between the market value of assets and the present value of liabilities is shown as a net liability on the balance sheet.

North Lanarkshire Council has guaranteed to accept liability for any unfunded costs that may arise with regard to Culture and Leisure NL relating to their membership of the Local Government Pension Scheme administered by Glasgow City Council.

Fixed assets and depreciation

Assets are held at cost. The Company does not capitalise individual items with a cost of less than £1,000. Additions are fully depreciated in the year they are purchased. 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 as follows:

Leasehold improvements	5 years – 10 years
Plant & equipment	3 years – 10 years
Furniture & fittings	5 years – 10 years
Computer equipment	3 years – 5 years

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities comprising trade and other debtors and creditors, and loans to related parties. Debt instruments that are payable or receivable within one year are measured, initially and subsequently, at the undiscounted amount of the cash expected to be paid or received. Debt instruments that constitute a financing transaction under FRS102 are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition adjusted for transaction costs.

Financial assets measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 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 within categories covered by

Culture and Leisure NL Ltd

Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains applied exclusively to charitable purposes.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than twelve months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. 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.

The Directors are satisfied that the accounting policies are appropriate and applied consistently. Significant estimations have been applied to the defined benefit pension assumptions. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 29).

Judgement has also been applied by management in determining the Fair Value, at the date of transfer, of the assets and liabilities donated to the charity from North Lanarkshire Leisure (as detailed in Note 33).

Donation of assets and liabilities

The donation of assets and liabilities from NLL is deemed a public benefit entity combination carried out at nil consideration. The excess of fair value of the liabilities assumed over the fair value of the assets acquired is recognised as an expense within the Statement of Comprehensive Income in the year of transaction, as it represents the gift of the value of one entity to another.

Culture and Leisure NL Ltd

2. Investment income – Group and Company

	2020	2019
	£	£
Bank and other interest	43,258	34,984
	<u>43,258</u>	<u>34,984</u>

3. Other – Grant Funding – Furlough – Group and Company

	2020	2019
	£	£
Furlough reclaim	427,366	-
	<u>427,366</u>	<u>-</u>

During the year the group received support from the government under the Coronavirus Job Retention Scheme of £427,366 (2019 - £nil). The scheme provides for the reimbursement of wages for employees who were placed on furlough leave.

Under the scheme the group applied for the reimbursement of up to 80% of employees' wage costs up to £2,500 per wages payable from 1 March 2020. The scheme was accessed by designating affected employees as furloughed or retained on paid leave of absence, notifying employees of these changes, submitting information about these employees and their earnings to HMRC.

4. Income from charitable activities – Group and Company

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total 2020 £	Total 2019 £
Income from operating activities	14,144,062	219,157	14,363,219	4,264,247
Income from contract with North Lanarkshire Council	16,936,320	-	16,936,320	12,224,421
Grant Funding	-	519,248	519,248	-
	<u>31,080,382</u>	<u>738,405</u>	<u>31,818,787</u>	<u>16,488,668</u>

Grant funding includes funding from NHS and NLC as detailed in Note 19.

Culture and Leisure NL Ltd

5. Catering & merchandising costs - Group

	Catering 2020 £	Merchandising 2020 £	Total 2020 £	Total 2019 £
Salaries & wages	355,070	-	355,070	-
Property Costs	8,074	-	8,074	-
Supplies & services	1,492	126,061	127,553	59,298
Other expenditure	260,674	-	260,674	-
Support Costs (note 9)	206,548	-	206,548	-
	831,858	126,061	957,919	59,298

6. Catering & merchandising costs - Company

	Catering 2020 £	Merchandising 2020 £	Total 2020 £	Total 2019 £
Salaries & wages	355,070	-	355,070	-
Property Costs	8,074	-	8,074	-
Supplies & services	1,492	126,061	127,553	59,298
Other expenditure	330,356	-	330,356	-
Support Costs (note 10)	206,548	-	206,548	-
	901,540	126,061	1,027,601	59,298

7. Charitable Activities – Group

	Unrestricted Funds Direct 2020 £	Unrestricted Funds Support 2020 £	Designated Funds 2020 £	Restricted Funds 2020 £	Total 2020 £	Total 2019 £
Cost of sales	-	-	-	4,041	4,041	-
Salaries & wages	20,178,443	3,318,912	-	442,663	23,940,018	12,058,131
Property Costs	5,295,013	537,302	-	49,825	5,882,140	2,910,969
Supplies & services	2,538,541	356,145	-	110,795	3,005,481	2,322,529
Transport Costs	186,829	147,332	-	14,755	348,916	178,700
Administrative Costs	808,692	947,251	-	89,710	1,845,653	350,204
Payments to Other Bodies	42,839	30,705	-	2,024	75,568	103,285
Central Costs	872	1,205,251	78,923	21,714	1,306,760	118,041
Governance Costs (note11)	-	113,098	-	-	113,098	-
	29,051,229	6,655,996	78,923	735,527	36,521,675	18,041,860

Included within Supplies and Services are Operational Lease costs of £246,751

Culture and Leisure NL Ltd

8. Charitable Activities – Company

	Unrestricted Funds		Designated	Restricted	Total	Total
	Direct	Support	Funds	Funds		
	2020	2020	2020	2020	2020	2019
	£	£	£	£	£	£
Cost of sales	-	-	-	4,041	4,041	-
Salaries & wages	20,178,443	3,318,912	-	442,663	23,940,018	12,058,130
Property Costs	5,295,014	537,302	-	49,825	5,882,141	2,910,969
Supplies & services	2,539,514	356,145	-	110,795	3,006,454	2,368,050
Transport Costs	186,829	147,332	-	14,755	348,916	178,701
Administrative Costs	850,755	949,916	-	89,710	1,890,381	357,169
Payments to Other Bodies	42,839	30,705	-	2,024	75,568	103,327
Central Costs	872	1,205,251	78,923	21,714	1,306,760	118,040
Governance Costs	-	110,823	-	-	110,823	-
	29,094,266	6,656,386	78,923	735,527	36,565,102	18,094,386

Included within Supplies and Services are Operational Lease costs of £246,751

9. Allocation of support costs - Group

Support Services		2020
		£
Culture	Libraries	515,242
	Museums	173,984
	Creative Services	335,096
	Community Facilities	402,158
Leisure	Operations	3,654,025
	Board & Head Office	294,325
	Estates	381,048
	Sales & Marketing	607,230
	Sports Development	292,888
Sub Total		6,655,996
	Catering	206,548
Total		6,862,544

Culture and Leisure NL Ltd

10. Allocation of support costs - Company

Support Services		2020
		£
Culture	Libraries	513,874
	Museums	173,605
	Creative Services	338,348
	Community Facilities	401,042
Leisure	Operations	3,654,025
	Board & Head Office	294,325
	Estates	381,048
	Sales & Marketing	607,231
	Sports Development	292,888
Sub Total		6,656,386
	Catering	206,548
Total		6,862,934

11. Governance costs - group

	2020	2019
	£	£
Allocation of Managing Director costs	25,061	-
Internal Audit Fees	18,667	12,667
Audit fees		
Audit of these financial statements & Tax	17,442	11,625
Taxation Services	1,614	1,475
Other professional fees and costs - Charitable	50,314	5,659
	113,098	31,426

Culture and Leisure NL Ltd

12. Staff numbers and costs

The remuneration and associated costs of the company including key management personnel were:

	2020	2019
	£	£
Wages & salaries	18,411,008	12,358,897
Redundancy Costs	531,140	189,526
Payments in lieu of notice	16,461	-
Social security costs	1,259,460	635,099
	20,218,069	13,183,522
<u>Pension Costs</u>		
Current Service Cost	5,172,000	2,899,000
Loss on curtailment	-	836,000
	25,390,069	16,918,522

Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands:

	2020 Number	2019 Number
£60,001 – £70,000	-	1
£80,001 - £90,000	1	-
£90,001 - £100,000	1	-

Key Management Personnel are defined as the Chief Executive, Managing Director and Senior Management Team. The total remuneration and benefits paid to key management personnel in the year is as follows:

	2020 £	2019 £
<u>Salary and benefits</u>		
Managing Director (including Severance Costs)	136,884	-
Chief Executive	92,934	90,036
Corporate Management Team (this includes 10 senior managers from Culture Services and 5 from Leisure Services)	888,037	594,819

The average monthly head-count of employees during the year was:

	2020 Number	2019 Number
Administration staff (e.g. Venue Managers, Health & Fitness Managers, Receptionists, Sport Development Officers, Engineers & Head Office staff)	281	-
Leisure staff (e.g. Leisure Attendants, Catering Staff, Gym Instructors & Cleaners)	266	-
Sessional staff	195	-
Culture staff Part Time	171	182
Culture staff Full Time	617	581
Total	1,530	763

Culture and Leisure NL Ltd

One Board member (William Shearer) was employed by Culture and Leisure NL Limited and received remuneration and pension as an employee totalling £30,924 during the year. No other Board Directors were paid any expenses.

	2020 £	2019 £
Salary	23,170	-
Overtime	1,317	-
Other Pay Items	-	-
Pension	3,974	-
National Insurance Contributions	2,463	-
Total	<u>30,924</u>	<u>-</u>

13 Trading Subsidiaries – Culture NL CIC and North Lanarkshire Leisure CIC

CultureNL Limited (formerly Culture NL) owns 100% of the issued share capital of both:

CultureNL Trading C.I.C.

Company Number: SC 441869

Registered Address: Summerlee Museum of Scottish Industrial Life, Heritage Way, Coatbridge, Lanarkshire, ML5 1QD

North Lanarkshire Leisure Trading C.I.C.

Company Number: SC365792

Registered Address: 1 Ardgoil Drive, Cumbernauld, G68 9NE

These financial statements are prepared on a consolidated basis to include both these entities. The subsidiary undertaking's principal activities are the provision of catering, hospitality and special events. The results of these Trading Subsidiaries for the year ended 31st March 2020 are shown below. Audited accounts are filed with Companies House.

	2020 £	2019 £
Turnover	1,851,780	2,019,037
Cost of Sales	(1,688,308)	(2,009,530)
Gross Profit/(Loss)	163,472	9,507
Administrative expenses	(158,490)	(9,507)
Profit/(loss) for the year	<u>4,982</u>	<u>-</u>

The assets and liabilities of the subsidiaries were:

	2020 £	2019 £
Assets	312,979	404,159
Liabilities	(307,896)	(404,158)
Funds	<u>5,083</u>	<u>1</u>

Culture and Leisure NL Ltd

14. Debtors

	Group 2020	Company 2020	Group 2019	Company 2019
	£	£	£	£
Trade Debtors	315,078	276,189	305,892	255,724
Amounts due from related party	2,315,002	2,159,324	1,747,785	1,484,095
Prepayments and accrued income	863,943	762,460	480,739	208,473
Due from Group Company	-	168,355	-	232,138
	3,494,023	3,366,328	2,534,416	2,180,430

15. Creditors: amounts falling due within one year

	Group 2020	Company 2020	Group 2019	Company 2019
	£	£	£	£
Trade creditors	(538,362)	(514,028)	(524,928)	(475,184)
Other taxes and social security costs	(582,283)	(571,240)	(233,085)	(204,512)
Amount due to related party	(1,462,835)	(1,401,797)	(2,119,318)	(2,082,313)
Other creditors and accruals	(4,313,985)	(4,170,146)	(2,267,805)	(1,978,969)
NLC Loan (see note 16)	(139,029)	(139,029)	-	-
Finance Lease (see note 16)	(16,858)	(16,858)	-	-
Amounts due to group	-	(2,038)	-	-
	(7,053,352)	(6,815,136)	(5,145,137)	(4,740,978)

16. Creditors: amounts falling due after more than one year

	NLC loan 2020	Finance Lease 2020	Group 2020	Company 2020	Group 2019	Company 2019
	£	£	£	£	£	£
Less than 1 year	(139,029)	(16,858)	(155,887)	(155,887)	-	-
	(139,029)	(16,858)	(155,887)	(155,887)		
1 – 2 years	(144,866)	(17,334)	(162,200)	(162,200)	-	-
2 – 5 years	(308,234)	(53,405)	(361,640)	(361,640)	-	-
	(453,100)	(70,740)	(523,840)	(523,840)	-	-
Total Liability	(592,129)	(87,598)	(679,727)	(679,727)	-	-

The long term loan of £804,092 was received from North Lanarkshire Council in April 2018 to fund Leisure restructure costs; this was an interest free loan to be repayable over 5 years. An effective interest rate of 4.12% has been applied with the interest cost of £21,238 being charged to interest payable within the SOFA. This loan was transferred from North Lanarkshire Leisure Limited as part of the merger with Culture NL limited, please refer to note 33.

A finance lease was entered into in March this year for IT equipment with a principal value of £89,106 and an effective interest rate of 2.79%. The charge to interest within the SOFA is £207 and the charge to Finance lease within the Balance sheet is £1,715. The liability is secured over the asset to which it relates.

Culture and Leisure NL Ltd

17. Deferred Income

	2020 £	2019 £
Balance as at 1st April	340,597	308,338
Amounts released to income during the year	(335,965)	(306,339)
Amounts deferred in year	216,084	338,598
Balance as at 31st March	220,716	340,597

Deferred income relates to monies to which the company is not yet entitled to at year end. The deferred income is released to the SOFA when all entitlement criteria has been met.

18. Tangible fixed assets

	Leasehold Improvements £	Furniture & Fittings £	Plant & Equipment £	Computer Equipment £	Total Assets £
Cost at 1 April 2019	-	-	-	-	-
Donation from NLL – see note 33	1,578,702	77,157	830,274	5,025	2,491,158
Additions	16,391	3,927	200,245	112,916	333,479
Disposals	(93,469)	-	(53,864)	-	(147,333)
Gross book value as at 31 March 2020	1,501,624	81,084	976,655	117,941	2,677,304
Depreciation at 1 April 2019	-	-	-	-	-
Depreciation provided for year	378,462	18,929	212,478	25,116	634,985
Depreciation on disposals	(69,845)	-	(44,743)	-	(114,588)
Cumulative Depreciation as at 31st March 2020	308,617	18,929	167,735	25,116	520,397
Net book value as at 31 March 2020	1,193,007	62,155	808,920	92,825	2,156,907
Net book value as at 31 March 2019	-	-	-	-	-

Included within Computer Equipment, a finance lease was entered into in March this year for IT equipment with a principal value of £89,106.03, depreciation of £17,821.21 was recognised in the year and the carrying value of this asset at 31 March 2020 is £71,284.82.

Culture and Leisure NL Ltd

19. Restricted Funds

	Opening Balance 01/04/2019 £	Incoming Resources £	Resources Expended £	Closing Balance 31/03/2020 £	Narrative
Reigart (Reigart Contractors Ltd)	14,206	-	-	14,206	Reigart is to contribute to care and maintenance of the Reigart Suite and support educational activities.
MacMillian (MacMillan Cancer Research)	6,808	202,301	177,358	31,751	Macmillan is to provide education and comfort to sufferers and their families and friends.
Reminiscence (NHS)	6,679	-6,679	-	-	Reminiscence is to provide learning resources for the community.
Film Education in Scotland (SLIC)	1,868	-	1,868	-	Film Education in Scotland is aimed at children under five-years-old, encouraging them to learn more about sound, image and acting out their own stories.
Monklands Heavy Metal Heroes (The Royal Society)	618	-618	-	-	Monklands Heavy Metal Heroes tells the story of iron production in the area and celebrate the local pioneers of the industrial age and share the areas rich scientific history with schools across the region.
WWI Then & now (Heritage Lottery Fund)	1,826	-	1,826	-	WWI Then & now is to develop a workshop and digital teaching materials exploring the life of John Stewart and the wider WWI context.
Upgrading Storage of Large Objects in the Recognised Collection (Museum Galleries Scotland)	-	2,842	2,842	-	Upgrading Storage of Large Objects in the Recognised Collection is to expand the capacity of the Industrial History Store at Summerlee Museum to enable us to store more of our large objects indoors.
Comm Youth Work 19-20 (YLS)	-	9,981	9,981	-	Providing tuition to improve digital photography skills in young people
Ballet (NLC)	10,640	-	-	10,640	Ballet development of a future ballet project.
Book Week Scotland (SLIC) 19/20	-	1,250	1,250	-	Book Week was to support the national celebration of books and reading.
Summerlee Science Festival (James Howat Trust & New Park Educational Trust)	-	3,280	-	3,280	Delivery of a science festival.
Archives Conservation (Prof Kirstie Blair)	-	2,000	-	2,000	Conservation of some of the archives.
Heritage Centre (MGB Howatson Bequest)	-	4,800	-	4,800	Heritage centre facility. improvements

Culture and Leisure NL Ltd

Projects General	-	152,934	152,934	-	This is the Saturday Sports scene project which provides diversionary activities across 4 sites in North Lanarkshire. The funder in this area is North Lanarkshire Council.
Projects NHS	-	179,451	179,451	-	There are a number of specific projects which the NHS have continued to fund since 2011 and these include Active Health, Adult and Child Weight Management, Walking Football and Mental Health. The areas they have chosen to support take a holistic approach to health and look at prevention, rehabilitation and inclusion as key aspects to reaching goals and outcomes.
Projects FNP	-	117,958	117,958	-	North Lanarkshire Council fund the Friday Night programmes which are run at 4 sites within the NLL boundary. These programmes are designed to deliver diversionary activities to children including drug and alcohol awareness workshops, mind and body management classes, football leagues and dance workshops.
Programmes	-	68,905	68,905	-	The majority of this is specific funding received from North Lanarkshire Council for the Cumbernauld 10K.
Capital Grant	-	-	(27,499)	27,499	In 2010/11 £225,000 was received from Sportscotland, £30,000 from Viridor & £20,000 from R&A towards funding improvements at Lochview. This is being recognised to match the depreciation on these projects over the remaining useful life of the equipment.
Totals	42,645	738,405	686,874	94,176	

20. Movement in reserves

	Unrestricted Fund			Restricted Fund	Total Funds
	Designated Fund £	General Fund £	Pension Reserve £	£	£
Opening reserves at 1 April 2019	3,657,285	970,999	(3,064,000)	42,645	1,606,929
Add surplus/(deficit) for the year	299,434	600,689	(14,831,000)	51,531	(13,879,346)
Transfers	-	-	-	-	-
Actuarial gain for the year	-	-	8,963,000	-	8,963,000
Reserves at 31 March 2020	3,956,719	1,571,688	(8,932,000)	94,176	(3,309,417)

Culture and Leisure NL Ltd

The Designated Fund for Leisure was created to cover the depreciation on assets which were purchased from in the years 2006/07 to 2014/15. This designated fund is released annually over the useful life of the assets and will be fully utilised by 2023/24.

The Designated Fund for Culture has been allocated to fund the staffing and organisational costs associated with the review and restructuring required to respond to cost associated with future savings and the replacement of IT systems and equipment. It is anticipated that this fund will be fully released during 2020/21.

21. Designated Funds

	Operational Commitments	Assets & Infrastructure	Total
	£	£	£
Opening funds at 1 April 2019	3,657,285	-	3,657,285
Donation from NLL	24,234	354,123	378,357
Amounts Released	-	(78,923)	(78,923)
Closing funds at 31 March 2020	3,681,519	275,200	3,956,719

22. Analysis of net assets between funds - group

	Unrestricted Funds			Restricted Funds	Totals
	General 2020	Pension 2020	Designated 2020	2020	2020
	£	£	£	£	£
Fund balances at 31 March 2020 are represented by:					
Tangible fixed assets	1,829,974	-	299,434	27,499	2,156,907
Investments	-	-	-	-	-
Current assets	7,318,906	-	3,657,285	66,677	11,042,868
Current liabilities	(7,053,352)	-	-	-	(7,053,352)
Long Term Liability	(523,840)	-	-	-	(523,840)
Pension Fund Liability	-	(8,932,000)	-	-	(8,932,000)
	1,571,688	(8,932,000)	3,956,719	94,176	(3,309,417)

23. Analysis of net assets between funds - group

	Unrestricted Funds			Restricted Funds	Totals
	General 2019	Pension 2019	Designated 2019	2019	2019
	£	£	£	£	£
Fund balances at 31 March 2019 are represented by:					
Tangible fixed assets	-	-	-	-	-
Investments	-	-	-	-	-
Current assets	6,116,136	-	3,657,285	42,645	9,816,066
Current liabilities	(5,145,137)	-	-	-	(5,145,137)
Long Term Liability	-	-	-	-	-
Pension Fund Liability	-	(3,064,000)	-	-	(3,064,000)
	970,999	(3,064,000)	3,657,285	42,645	1,606,929

Culture and Leisure NL Ltd

24. Analysis of net assets between funds - company

	Unrestricted Funds			Restricted	
	General	Pension	Designated	Funds	Totals
	2020	2020	2020	2020	2020
	£	£	£	£	£
Fund balances at 31 March 2020 are represented by:					
Tangible fixed assets	1,829,974	-	299,434	27,499	2,156,907
Investments	100	-	-	-	100
Current assets	7,075,607	-	3,657,285	66,677	10,799,569
Current liabilities	(6,815,136)	-	-	-	(6,815,136)
Long Term Liability	(523,840)	-	-	-	(523,840)
Pension Fund Liability	-	(8,932,000)	-	-	(8,932,000)
	1,566,705	(8,932,000)	3,956,719	94,176	(3,314,400)

25. Analysis of net assets between funds - company

	Unrestricted Funds			Restricted	
	General	Pension	Designated	Funds	Totals
	2019	2019	2019	2019	2019
	£	£	£	£	£
Fund balances at 31 March 2019 are represented by:					
Tangible fixed assets	-	-	-	-	-
Investments	-	-	-	-	-
Current assets	5,711,977	-	3,657,285	42,645	9,411,907
Current liabilities	(4,740,978)	-	-	-	(4,740,978)
Long Term Liability	-	-	-	-	-
Pension Fund Liability	-	(3,064,000)	-	-	(3,064,000)
	970,999	(3,064,000)	3,657,285	42,646	1,606,929

26. Notes to the statement of cash flows - Group

Reconciliation of net income to net cash inflow from operating activities

	2020	2019
	£	£
Net expenditure for the year	(13,879,346)	(1,489,599)
Adjustments for:		
Depreciation charges	634,985	-
Dividends, interest and rents from investments	(43,258)	(34,984)
Interest Payable	21,445	-
Asset disposals	32,744	-
Reserves donated from NLL	9,960,086	-
Net pension adjustment FRS102	3,013,000	2,111,000
Decrease in stocks	35,169	10,247
Decrease/(increase) in debtors	615,448	(268,884)
(Decrease)/increase in creditors	(1,287,455)	402,286
Net cash (used in)/provided from operating activities	(897,180)	730,066

Culture and Leisure NL Ltd

Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net debt

(Decrease)/Increase in cash in the year	<u>242,036</u>	<u>765,050</u>
Net (debt) / funds at the start of the year	<u>7,208,592</u>	<u>6,443,542</u>
Net Funds	<u>7,450,628</u>	<u>7,208,592</u>

Analysis of cash and cash equivalents

	2020	2019
	£	£
Cash in hand	<u>7,450,628</u>	<u>7,208,592</u>
Total Cash and Cash Equivalents	<u>7,450,628</u>	<u>7,208,592</u>

27. Notes to the statement of cash flows - Company

Reconciliation of net income to net cash inflow from operating activities

	2020	2019
	£	£
Net expenditure for the year	<u>(13,884,329)</u>	<u>(1,489,599)</u>
Adjustments for:		
Depreciation charges	634,985	-
Dividends, interest and rents from investments	(43,258)	(34,984)
Interest Payable	21,445	-
Asset disposals	32,745	-
Reserves donated from NLL	9,959,986	-
Net pension adjustment FRS102	3,013,000	2,111,000
Decrease in stocks	22,516	(2,734)
Decrease/(increase) in debtors	389,158	(166,381)
(Decrease)/increase in creditors	<u>(1,121,510)</u>	<u>313,263</u>
Net cash (used in)/provided from operating activities	<u>(975,262)</u>	<u>730,565</u>

Notes to the statement of cash flows

Reconciliation of net cash flow to movement in net debt

(Decrease)/Increase in cash in the year	<u>163,954</u>	<u>765,549</u>
Net (debt) / funds at the start of the year	<u>7,202,680</u>	<u>6,437,131</u>
Net Funds	<u>7,366,634</u>	<u>7,202,680</u>

Analysis of cash and cash equivalents

	2020	2019
	£	£
Cash in hand	<u>7,366,634</u>	<u></u>
Total Cash and Cash Equivalents	<u>7,366,634</u>	<u></u>

Culture and Leisure NL Ltd

28. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land & Buildings 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Operating leases which expire:				
In Year one	-	182,726	182,726	862
In the second to fifth years inclusive	-	137,792	137,792	42,837
	-	320,518	320,518	43,699

29. Pension scheme

Certain of the Company's employees belong to the Strathclyde Pension Fund which is part of the Multi-Employer Local Government Pension Scheme (LGPS), of which the Company is an admitted body. This is a defined benefit scheme that provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. In accordance with FRS102 – Retirement Benefits the Company is required to disclose certain information relating to the scheme. The recognition and measurement requirements of FRS102 have been adopted within the accounts.

The last full actuarial valuation was carried out as at 31 March 2020. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2020 using the following assumptions. This includes the effect of the McCloud judgement.

	31 March 2020	31 March 2019
Rate of increase in salaries	1.9%	2.5%
Rate of increase in pensions in payment	3.0%	3.7%
Discount rate	2.3%	2.4%

	31 March 2020		31 March 2019	
Post Retirement Mortality	Males	Females	Males	Females
Current Pensioners	20.7 years	22.9 years	21.4 years	23.7 years
Future Pensioners	22.2 years	24.6 years	23.4 years	25.8 years

The Fair value of employer assets are:

	31 March 2020 £	31 March 2019 £
Equities	64,658,000	35,389,000
Bonds	28,493,000	13,271,000
Property	14,247,000	5,530,000
Cash	2,192,000	1,106,000
Total	109,590,000	55,296,000

Culture and Leisure NL Ltd

Pension scheme (continued)

The amounts recognised in the balance sheet are as follows:

	31 March 2020 £	31 March 2019 £
Present value of funded obligations	(118,522,000)	(58,359,000)
Fair value of plan assets	109,590,000	55,295,000
Net Liability	(8,932,000)	(3,064,000)

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

	31 March 2020 £	31 March 2019 £
Opening Defined Benefit Obligation	58,359,000	48,822,000
Service cost	5,172,000	2,899,000
Interest cost	2,814,000	1,363,000
Contribution by Members	790,000	428,000
Actuarial (Gains)/Losses	(18,469,000)	4,738,000
Past service cost (including curtailments)	74,000	836,000
Liabilities Assumed in a Business Combination	71,067,000	-
Benefits Paid	(1,285,000)	(727,000)
Closing defined benefit obligation	118,522,000	58,359,000

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

	31 March 2020 £	31 March 2019 £
Opening plan assets	55,295,000	50,934,000
Interest income	2,455,000	1,392,000
Actuarial (losses)/gains	(9,506,000)	1,673,000
Contributions by employer	2,592,000	1,595,000
Contributions by members	790,000	428,000
Assets Acquired in a Business Combination	59,249,000	-
Benefits paid	(1,285,000)	(727,000)
Closing plan assets	109,590,000	55,295,000

The amounts recognised in statement of financial activities are as follows:

	31 March 2020 £	31 March 2019 £
Current service cost	5,172,000	2,899,000
Past service cost	74,000	836,000
Interest on obligation	2,814,000	1,363,000
Interest on plan assets	(2,455,000)	(1,392,000)
Total	5,605,000	3,706,000

Included within other comprehensive income is the actuarial gains and losses disclosed above in relation to the changes in the fair value of plan assets and liabilities

Culture and Leisure NL Ltd

Pension scheme (continued)

The history of experience gains and losses are as follows:

	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
	£	£	£	£	£
Present value of liabilities	118,522,000	58,359,000	48,822,000	52,523,000	37,951,000
Percentage of the present value of liabilities	0%	0%	0%	0%	0%
Value of assets	109,590,000	55,295,000	50,934,000	47,598,000	37,180,000
(Deficit) / Surplus	(8,932,000.00)	(3,064,000.00)	2,112,000.00	(4,925,000.00)	(771,000.00)
Experience gains / (losses) arising on the scheme liabilities	-	-	-	-	-
Actuarial (gains)/losses recognised in SOFA	(8,963,000)	3,065,000	(8,369,000)	4,334,000	4,460,000
Present value of liabilities	118,522,000	58,359,000	48,822,000	52,523,000	37,951,000
Percentage of the present value of liabilities	(9.10)%	5.25%	(17.14)%	8.25%	11.75%

Recognised in Other Comprehensive Income

	31 March 2020	31 March 2019
	£	£
Changes in financial assumptions	14,988,000	(4,738,000)
Changes in demographic assumptions	4,766,000	-
Other experience	564,000	-
Return on assets excluding amounts in net interest	(9,506,000)	1,673,000
Actuarial revaluation in business combination	(1,849,000)	-
	8,963,000	(3,065,000)

30. Related party transactions

North Lanarkshire Council (NLC), the sole member of Culture & Leisure NL Ltd, made a contribution as per the service specification of £17,007,581 to the Company and leased the facilities occupied by the Company for a peppercorn rent.

Twelve directors of the Company were members of North Lanarkshire Council during the period ended 31 March 2020, these being A Beveridge, R Burgess, T Douglas, F Fotheringham, J Linden, F McNally, L Roarty, H McVey, M McPake, C McManus, T Johnston and O Carson.

Culture and Leisure NL Ltd

	Leisure 2020	Culture 2020 £	Total Group 2020	Culture 2019 £
NLC Paid CLNL For Management Fee	5,950,308	11,057,273	17,007,581	12,224,421
Other , Hall hire, catering, coaching etc.	396,248	1,082,982	1,479,230	1,332,760
	6,346,556	12,140,255	18,486,811	13,557,181
CNL Paid NLC for SLA's, fleet support, CEEf, internal hires, medical referrals etc Office Accommodation, CRA	107,592	1,296,423	1,404,015	1,049,061
	-	1,568,302	1,568,302	1,838,196
	107,592	2,864,725	2,972,317	2,887,257
CLNL owed NLC - Creditor	649,347	1,405,617	2,054,964	2,119,318
NLC owed CLNL - Debtors	848,847	1,466,155	2,315,002	1,747,785

Culture and Leisure NL Ltd

31. Statement of Financial Activities – extended comparisons Group

Culture and Leisure NL Ltd (formerly CultureNL Limited)

Consolidated Statement of Financial Activities (incorporating the Consolidated Income and Expenditure Account)

For the year ending 31st March 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Income from:					
Charitable activities	3	16,162,152	326,516	16,488,668	16,813,097
Other trading activities	3	2,106,944		2,106,944	1,971,730
Investments	5	34,984		34,984	14,707
Total		18,304,080	326,516	18,630,596	18,799,534
Expenditure on:					
Charitable activities	6	17,679,011	362,849	18,041,860	16,922,064
Other trading activities		2,019,037		2,019,037	1,906,165
Other		59,298		59,298	95,225
Total		19,757,346	362,849	20,120,195	18,923,454
Net income/(expenditure)		(1,453,266)	(36,333)	(1,489,599)	(123,920)
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension scheme	11	(3,065,000)		(3,065,000)	8,369,000
Net movement in funds		(4,518,266)	(36,333)	(4,554,599)	8,245,080
Reconciliation of funds:					
Total funds brought forward		6,082,550	78,978	6,161,528	(2,083,552)
Total funds carried forward		1,564,284	42,645	1,606,929	6,161,528

Culture and Leisure NL Ltd

32. Statement of Financial Activities – extended comparisons Company

Culture and Leisure NL Ltd (formerly CultureNL Limited)

Parent Statement of Financial Activities (incorporating the Income and Expenditure Account)

For the year ending 31st March 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
Income from:					
Charitable activities	3	16,162,152	326,516	16,488,668	16,813,097
Other trading activities	3	140,435		140,435	122,620
Investments	5	34,984		34,984	14,707
Total		16,337,571	326,516	16,664,087	16,950,424
Expenditure on:					
Charitable activities	6	17,731,539	362,849	18,094,388	16,979,119
Other		59,298		59,298	95,225
Total		17,790,837	362,849	18,153,686	17,074,344
Net income/(expenditure)		(1,453,266)	(36,333)	(1,489,599)	(123,920)
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension scheme	11	(3,065,000)	-	(3,065,000)	8,369,000
Net movement in funds		(4,518,266)	(36,333)	(4,554,599)	8,245,080
Reconciliation of funds:					
Total funds brought forward		6,082,550	78,978	6,161,528	(2,083,552)
Total funds carried forward		1,564,284	42,645	1,606,929	6,161,528

Culture and Leisure NL Ltd

33. Transfer of Assets and Liabilities from North Lanarkshire Leisure

On the 22nd June 2019 North Lanarkshire Leisure (NLL) merged with Culture NL (CNL), with CNL being retained as the vehicle moving forward and being renamed Culture & Leisure NL. All assets and liabilities of NLL were donated to CNL for £nil consideration; the excess of liabilities over assets amounted to £9,959,985 which are included in the charitable expenditure this year.

The details of the assets and liabilities acquired as a result of this combination are as follows:

	Net book value
	£'000
Tangible assets	2,491
Stock	61
Debtors	1,478
Cash	1,500
Total assets	5,530
Creditors: amounts falling due within one year	(3,111)
Creditors: amounts falling due after more than one year	(561)
Pension liability	(11,818)
Total liabilities	(15,490)
Net liabilities	(9,960)

The income achieved by NLL for the reporting period since the combination is £17,821,334.

34. Post Balance Sheet Events

Following the closure of venues due to COVID19 in mid-March the company continued to lose significant income on a weekly basis. The company was however able to access the Government Job Retention Scheme as detailed in note 3.