

**WEST LOTHIAN LEISURE**

**Directors' Report and Financial Statements**

**For the year ended 31 March 2022**

Registered in Scotland: SC543017

Charity Number: SC027470

# WEST LOTHIAN LEISURE

## Directors' Report and Financial Statements

For the year ended 31 March 2022

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# WEST LoTHIAN LEISURE

## Administrative Information

For the year ended 31 March 2022

The Board Report incorporates the Trustee Report for the purposes of charity law and the Directors' Report and Strategic Report for the purposes of company law.

### Reference and administrative details

#### West Lothian Leisure

**Company number:** SC543017

**Charity number:** SC027470

#### Secretary

Beverley Greer

#### Chief Executive

Tim Dent

#### Key Management Personnel

Mark Chambers, Head of Corporate Services  
Andrew Heron, Head of Finance  
Karen Wernham, Head of Operations

#### Registered Office

Xcite Bathgate Sports Centre  
Balbardie Park  
Torphichen Road  
Bathgate  
West Lothian  
EH48 4LA

#### Solicitors

Lindsays LLP  
Caledonian Exchange  
19a Canning Street  
Edinburgh  
EH3 8HE

DWF LLP  
No.2 Lochrin Square  
96 Fountainbridge  
Edinburgh  
EH3 9QA

#### Bankers

The Bank of Scotland plc  
Almondvale South  
Livingston  
EH54 6SN

Royal Bank of Scotland plc  
Livingston Branch  
4 Almondvale South  
Livingston  
EH54 6NB

Barclays  
Quay 2  
Fountainbridge  
Edinburgh  
EH3 9QG

#### Auditor

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

**WEST LOTHIAN LEISURE**  
**Administrative Information**  
**For the year ended 31 March 2022**

**Board**

Trustees who held office to the date of signing are as follows:

Dr Cindy Brook	Chair
Beverley Greer	Secretary
Karen Anderson	Member
Cllr. Tom Kerr	Member (Resigned 21 March 2022)
Cllr. Chris Horne	Member (Resigned 30 June 2022)
Cllr. Angela Doran-Timson	Member (Resigned 23 November 2021)
Cllr. Andrew Miller	Member (Resigned 30 June 2002)
Paul Williams	Treasurer (Resigned 16 September 2021)
Sergio Tansini	Member
Cllr. Tom Conn	Member
Mrs Gillian Hentges	Treasurer (Appointed on 26 October 2021)
Cllr. Peter Heggie	Member (Appointed 30 June 2002)
Cllr. Danny Logue	Member (Appointed 30 June 2002)

# WEST LOTHIAN LEISURE

## Board Report

For the year ended 31 March 2022

After surviving the pandemic, 2021/22 was a year of welcoming our customers back and returning to a more normal life and day to day running of the company.

The period of closure was used to review our processes and develop a Business Plan for 2021-23 which sets out our vision, values, business goals and actions that will help us recover and get back to a sustainable position; and continue to develop an organisation our employees are proud to work for. Its delivery will require strengthening of relationships with our key partners, West Lothian Council, NHS Lothian and the Community Health and Care Partnership, Creative Scotland and Sportscotland.

We are pleased to see our customers return, with a rise in numbers exceeding our expectations. At 31<sup>st</sup> March 2022 our membership figures were 87% of those pre-Covid. A big vote of confidence in the services we offer, especially at this difficult time. Measured by our high NPS scores and resulting in a Gold Award in the UK Best Swim Pool Experience for 2021 for Xcite Broxburn Pool and voted the best performing Sports and Leisure Trust in Scotland, again achieving a Gold Award.

Another very challenging year with the current global financial challenges affecting the business. Throughout membership income has been closely monitored and costs controlled, ending the year with a small surplus. By April some impacts of the household cost of living crisis caused by inflation and increased utility costs have begun to impact on numbers of cancellations. This will be closely monitored, and a 'Cost of Living Crisis Project Group' established.

West Lothian Council are reviewing how they can respond to the expected funding gap over the next 5 years. West Lothian Leisure will be required to contribute to this process. We recognise the significant financial difficulties facing local authorities, however future funding cuts to WLL's management fee should be realistic and proportionate and not challenge the financial stability of the business.

Going forward we are pleased to have been invited to contribute to the important project of design and operation of a Community Access Model for the new Winchburgh Academy. This will require considerable work to develop a business case to be presented to the Board during 2022/23.

We would like to thank our Chief Executive Tim Dent for steering the company through the challenges of the Pandemic, developing IT usage, and leaving the company in a much stronger financial position. We are sorry to see him go and wish him well for the future. A recruitment process has been initiated to find his successor.

During a year when some sports and Leisure companies have been forced to stop trading, we would not be here without the tremendous enthusiasm, commitment and ingenuity of our staff who have given so much. Thank you to you all.

Finally, I would like to thank the Board of Directors who give their time voluntarily, for their continuing support and guidance.

Dr Cindy Brook, Chair, 15 September 2022

# WEST LOTHIAN LEISURE

## Board Report

### For the year ended 31 March 2022

The Board of Trustees (Non-Executive Directors) presents its report and audited financial statements for the year to 31 March 2022.

#### Objectives and Activities

West Lothian Leisure, which converted from a Community Benefit Society to a Company Limited by Guarantee on 17 August 2016, has charitable status granted by HM Revenue and Customs in Scotland.

West Lothian Leisure was incorporated on 1 February 1998 and provides sports, cultural, outdoor education and leisure facilities to the community of West Lothian. It operates as a not for profit distributing organisation. Surplus, other than reserves, if generated is available to reinvest in the facilities to maintain and improve the service. The main facilities leased from West Lothian Council and managed by West Lothian Leisure are as follows:

Xcite Broxburn Sports Centre, Xcite Craigswood Sports Centre, Xcite East Calder Sports Centre, Xcite Linlithgow Leisure Centre, Xcite Armadale Swimming Pool, Xcite Bathgate Swimming Pool, Xcite Broxburn Swimming Pool, Xcite Livingston Leisure Centre, Xcite Whitburn Leisure Centre, Polkemmet Country Park Golf Course and Range, Howden Park Arts Centre, as well as sports and cultural facilities at two community high schools and six high schools.

The Company is governed by the Articles of Association, Standing Orders, Operating Guidelines and Code of Conduct for West Lothian Leisure Limited and these documents were most recently reviewed in March 2022.

#### **STRATEGIC REPORT**

##### **Strategies for Achieving the Stated Aims**

West Lothian Leisure's Business Plan sets out the vision and values of the organisation together with strategies to achieve the stated aims. This document is developed in partnership with West Lothian Council and other stakeholders and approved by the Board. At each Board meeting performance against the stated success criteria is reported and where performance is below target actions to get back on track are discussed and agreed.

The Business Plan is supported by Departmental Plans and Facility Plans which have more specific action plans that relate to the stated aims.

1. Improving lives and communities. We want to get more people more active to improve health and reduce health inequalities.
2. Improving the customer experience. We want to provide high quality and engaging activities and ensure customers feel valued and listened to.
3. Growing the business. We want to become a financially secure and sustainable business so we can invest more and do more, to improve lives.
4. Improving the business. We want to become a more efficient, more agile, and more effective organisation and a company our employees are proud to work for.
5. Improving our people. We want to improve how we work and be a company our employees are proud to work for.

Significant activities undertaken this year include:

- We continued to respond quickly, effectively, and professionally to the Covid-19 pandemic, putting in place numerous measures to protect employee and customer health and welfare
- We reviewed all membership products and prices launching a new portfolio of products from January 2022.

## WEST Lothian LEISURE

### Board Report

#### For the year ended 31 March 2022

- We migrated all members onto new membership products and the majority onto higher price products which increased yield per member and helped protect this important income stream
- To address financial pressures created by the pandemic, we reduced our cost base by decanting the outdoor learning and activity service from Low Port Centre to Linlithgow Leisure Centre and reducing staff headcount
- We conducted extensive customer surveys to research customer satisfaction levels with the measures we introduced during the pandemic
- We achieved a Gold Award at the NPS member experience awards – the only trust in Scotland to receive an award in any category
- We continued to strengthen our relationship with West Lothian Council - securing further emergency funding to support the charity through the pandemic and the recovery period Identified joint priorities for collaborative working, including community access at the new Winchburgh Campus
- We secured the medium-term sustainability of the charity by successfully applying for external emergency grant funding from Creative Scotland and Scottish Government (via West Lothian Council)
- We successfully progressed over 30 projects aligned to the 2-Year business plan
- We recovered strongly in the early part of 2022 and recorded higher business activity levels than the wider sport and leisure trust sector in Scotland
- We continued to invest in training and staff development in the new sales and retention processes which aims to convert more prospects to sales and help ensure members stay with us longer
- We developed a workforce, Performance Review Framework which will be rolled out in the latter half of 2022. This will support staff motivation, performance, and development
- Following COP26, we launched our 'Towards Net Zero' Environmental, energy and sustainability policy and action plan
- Migration to a new digital risk register to enable better and stronger risk management involving the wider management team
- We continued to promote our vision of a West Lothian where everyone can live a healthier, happier, longer life.

#### Achievements and Performance

Following 2020/21 where venues and services were closed for 42 out of 52 weeks of the year; in 2021/22, for the most part, venues and services were able to re-open; however, this still meant operating under some form of Covid restrictions and guidance, which was disruptive and limited customer capacity. This level of business interruption continued to significantly affect our ability to operate and generate revenue.

Having survived the pandemic we moved to the next phase of recovery which was to re-establish a strong platform to bounce back. Following the easing of restrictions in 2022 we were able to recover members quickly and due to the changes, we had put in place – increase member yield without the expected drop off in membership levels. Footfall in venues remained sluggish and returned to only around 65% of pre-pandemic levels.

Of particular note this year is the development of our vital health and wellbeing services which enabled WLL to effectively double the level of funding from the Health and Social Care Partnership. This means that the charity will be able to continue delivering vital health and wellbeing services to those who need them most which as we emerge from a health pandemic, will be more important than ever before. These services are at the heart of our charitable purpose.

Mirroring the national picture, employee turnover increased significantly this year. The pandemic has caused some employees to re-evaluate their priorities, whilst others have looked elsewhere to develop their career in a competitive labour market.

## WEST LOTHIAN LEISURE

### Board Report

#### For the year ended 31 March 2022

Staff sickness absence also increased significantly – not surprisingly this was largely due to the increase in Omicron variant Covid cases and the levels of staff self-isolating. The number of staff on long-term sickness absence has decreased following a concerted effort to manage these employees.

In this challenging year our Net Promoter Score (NPS), (a measure of customer satisfaction), to December 2020, was 62 – this was an exceptional result and meant we achieved Gold at the UK Member Experience Awards and for the second-year running were the best performing, sport and leisure trust in Scotland. This achievement rewards operators who provide a consistently high standard of member experience. We continuously seek customer feedback and review service improvement and have identified several new initiatives to improve standards and service for 2022/23.

#### Financial Review

The financial statements for the year ending 31 March 2022 show a deficit of £149,049 (2021: deficit of £459,342). This is before an actuarial gain of £6,168,000 (2021: loss of £4,190,000) resulting in an overall gain of £6,018,951 (2021: loss of £4,649,342). The overall net fund balance at 31 March 2022 is now a net liability balance of £3,742,068 compared to a liability balance of £9,761,019 at 31 March 2021.

Due to the Covid pandemic restrictions being eased then re-introduced, trading throughout 2021/22 has been 'stop/start' causing business interruption. The charity has had to be resilient, agile and adaptable to cope with short notice changes and a high level of uncertainty.

Despite the operational and financial challenges faced, we were able to mitigate these by:

- Investing time, energy and resource into staff training and development i.e. sales and retention.
- Carried out a comprehensive review of membership products, relaunching and migrating customers to new products and price points.
- Ongoing investment in technology to ensure effective and efficient home and remote working capability.
- Securing additional financial assistance from Creative Scotland.
- Obtaining £250k from an insurance claim for business interruption
- Substantially reducing our cost base by vacating Low Port Centre and decanting outdoor services to Xcite Linlithgow, ending our licence agreement with Historic and Environmental Scotland to manage the loch

West Lothian Leisure had previously experienced significant growth in membership prior to the pandemic; however, it now faces a significant period of business recovery to build back membership from a much lower base and increase other income to previous pre-Covid-19 levels. This will be made all the more difficult as a result of the emerging cost of living crisis and global economic problems.

The FRS 102 pension valuation of the pension scheme has resulted in a decrease in the pension deficit to £4,760,000 as at 31 March 2022. The decrease of this liability is primarily due to an actuarial gain of £6,168,000 arising from a change in the financial assumptions made by the actuaries, this being recognised in the Statement of Financial Activities. The balance on the pension fund will change annually according to economic conditions and the Board will keep the position under review. A defined contribution pension scheme was introduced in May 2014 into which all eligible new employees will be auto enrolled. Over time as employees leave this will improve the pension fund deficit noted above.



## WEST LOTHIAN LEISURE

### Board Report

For the year ended 31 March 2022

#### Income

The first membership direct debit was taken on the 1<sup>st</sup> May 2021. Membership continues to recover post covid with membership numbers at the year end at 87% of pre-covid levels with membership income up £3,502k on the previous year and recovering quicker than budgeted for.

Leisure Service income (which includes pay per visit, club, room hire and NHS services) also recovered with usage at 60% of pre-pandemic levels by the year end. Room hire has not recovered to the same extent due to lack of access to the school estate and a reduction in face-to-face meetings as a result of COVID.

Part of the NHS funding for the Child Healthy Lifestyle (£10k) will not be received for this year as we were unable to deliver the programme due to lack of access to schools due to COVID. The GP referral funding increased by £41k.

The West Lothian Council management fee for the year was £3,659k (£3,527k 2020/21). This included £1,500k of additional funding (£500k 2020/21) to aid the recovery from the impact COVID had on income. It also included £183k of capital funding. It reflected a £250k reduction in core funding and the re-instatement of a £669k reduction for previous capital funding and £132k for funding advanced to cover voluntary redundancy costs incurred in prior years.

Financial income, refunds and fees includes £250k from the business interruption claim. £346k was received under the Job Retention Scheme (£2,466k in 2020/21)

#### Expenditure

Salary costs increased by £300k in the year if you exclude redundancy related costs and the FRS102 pension adjustment. No pay award was made in the year other than the increase in the real living wage. Despite the reduction in average staff numbers, salary costs increased compared to 2020/21 as by May 2021 the vast majority of staff had returned from furlough and were receiving full pay as opposed to 80% under the job retention scheme. Salary costs include £110k (2021: £149k) for voluntary redundancy and early retirement costs. Staff expenditure continues to be tightly controlled with new appointments being considered through discussions at weekly SMT meetings. Only business critical posts were replaced.

Supplies and services costs returned to previous levels, being £867k up on 2020/21 following a return to being fully re-open.

Property costs also increased being £760k up on 2020/21 as a result of re-opening. Utility costs increased by £294k, cleaning by £54k and maintenance by £385k. Maintenance included £259k of spend on new boilers and a new air handling system.

Gym equipment is now replaced after five years as opposed to the previous three for cardio and six years for strength equipment. This change in policy as well as delaying the replacement of some gym equipment resulted in a significant reduction in the depreciation charge in the year. The value of the gym equipment was written down in the year to reflect the realisable value as opposed to the book value (20% of cost), this resulted in a £88k impairment charge.

#### Investment for Growth

Due to the financial uncertainty as a result of the pandemic and emerging cost of living crisis, major venue investment plans are currently on hold; however, it is planned to replace most fitness equipment at all sites in 2022/23. Investment for growth continued to focus on implementing a digital transformation strategy and transforming the company website.

## WEST LOTHIAN LEISURE

### Board Report

For the year ended 31 March 2022

#### Strategic Risks

Each year a strategic risk register and associated risk assessments are presented to the Audit and Finance Sub Committee and to the Board. In 2021 the risk register was transferred to a cloud based, digital platform which enables real time monitoring of risks and better visibility and management of risk severity, control actions and audit trail.

During the course of the year the most severe risks have moved to those associated with the Covid pandemic to those related to the national and global, financial shockwaves affecting the UK economy and customer confidence. At the end of 2021/22, 19 strategic risks were identified. High scoring risks included:

- Unplanned or unexpected increase in operating costs and/or inflation
- Economic downturn, cost of living pressure or recession could threaten financial sustainability
- Reduction in WLL's core management fee from WLC which threatens financial sustainability
- Significant decrease in health and fitness membership income
- Covid-19 pandemic or other infectious disease could temporarily and significantly affect the ability of WLL to provide services and adversely impact its revenue - threatening financial sustainability
- Insufficient cash flow would mean that WLL would be unable to meet financial commitments (i.e. to pay suppliers, salaries and HMRC) and could threaten going concern status
- WLL's management of the new Winchburgh Sports Hub results in financial loss and/or damage to reputation and credibility
- Business Plan not delivering on business objectives/company goals
- Major plant failure could result in service disruption and facility(s) closure leading to loss of income
- Increased staff turnover or difficulties recruiting results in vacancies not being filled and potential disruption to services
- IT failure /security Breach

The risk assessments associated with these risks identify existing controls and further actions for risk reduction.

#### *Investment Policy*

A business case is presented to the Board for approval for any investment proposals and this includes an assessment of additional income generated (and/or costs saved), payback period (if a loan is required) and a risk assessment. Other private finance borrowing options are available; however, it should be noted that due to previous borrowing, current repayments to the Council are significant and any future borrowing requests should carefully consider the ability of WLL to take on more debt.

#### *Principal Funding Sources*

The majority of income comes from customer receipts - primarily membership income, pay and play income. Other principal income sources are West Lothian Council's management fee and partner funding from NHS Lothian for specific health and wellbeing programmes.

#### *Reserves Policy*

**General Funds** are unrestricted funds which are available for use at the discretion of the members of the Committee of Management in furtherance of the general objectives of the charitable company which have not been designated for any other purpose.

## WEST LOTHIAN LEISURE

### Board Report

#### For the year ended 31 March 2022

**Designated Funds** are unrestricted funds that have been set aside for a specific purpose, which will be utilised during the next and future years 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 Board has examined the Company's requirements for reserves in light of the main risks to the organisation. In 2019 it established a new policy whereby the company should aim to retain a minimum of at least £300,000 of reserves.

Incoming resources for the year ended 31 March 2022 were £11,530,668 (2021: £8,793,411). Overall funds at 31 March 2022 were in deficit of £3,742,068 (2021: deficit of £9,761,019). The underlying result for the year (ignoring pension adjustments) has resulted in the unrestricted reserves increasing from £359,981 to £1,017,932 which is in line with the new reserves policy.

In addition to carrying reserves WLL has a letter of support from West Lothian Council. West Lothian Leisure, as sole member of the company, have indicated that they have a process in place which the company believes would lead to the provision of funding to cover a trading deficit in excess of available cash reserves, should one occur.

#### **Risk Management**

The Board has assessed and recorded the major risks to which the Company is exposed, in particular those relating to the operations and finances of the Company and is satisfied that systems are in place to mitigate these risks.

#### **Plans for future periods**

We have prioritised collaborative working with West Lothian Council so that: we can better align our service delivery with Council strategic objectives; our services are better co-ordinated and integrated; we can deliver excellent value for money. We will also continue to work closely with the Health and Social Care Partnership, Sports Scotland, Creative Scotland and West Lothian College. Our business plan review allows us to ensure our vision is shared and that we are focusing on the right actions to ensure we contribute to our partners outcomes.

We will continue to focus our work in the following areas:

##### **1. Increased Income:**

- Launching a new community access management model at the Winchburgh Campus.
- Increase participation and revenue at Community High Schools
- Strong focus on implementing and investing in the sales and retention process to grow and keep more members
- Identifying and accessing new sources of funding including donations and external funding for programmes from national agencies and charitable organisations
- Improving productivity by implementing a new, staff performance review framework.
- Improving the way we market and promote the Xcite brand and services
- Building and launching a new website to enable easier trading and improved 'shop-window
- Increasing participation by target groups
- Develop programming at Howden Park Centre to increase the number and quality of shows
- Improving customer service excellence
- Engagement with customers to help shape future service delivery

# WEST Lothian LEISURE

## Board Report

For the year ended 31 March 2022

### 2. Managing Costs:

- Continuous review and management of all costs
- Ongoing review of staff structures to ensure that they match our business and service objectives
- Continuous review of the asset portfolio to identify potential rationalisation or replacement.
- Ongoing review of staff policies to ensure that they match our business and service objectives
- Maximising the performance and cost efficiency of all support services.
- Support ongoing digital transformation projects
- Maximising the performance of our buildings and physical assets.
- Ensuring we get excellent value from all our suppliers
- Implementing the Towards Net Zero policy and investing in energy efficiency in partnership with West Lothian Council
- Contributing towards the Council's budget reduction plans
- Improve financial reporting and KPI's

### 3. Management Fee:

Key to the organisation's financial stability, viability and business recovery during the next two years has been the securing of an emergency financial reserve from West Lothian Council for 2021 to 2023. This reserve enables the company to draw down up to £1.5m p.a., payable in advance per quarter, where required.

WLL is grateful for this level of support; however, despite access to these funds, the core management fee from the Council will continue to reduce by £250k until at least 2022/23. In addition, the sport and leisure trust sector is expected to face unprecedented cost increases - whilst the emerging cost of living 'crisis is expected to cause a reduction in household discretionary spend which is likely to result in decreased expenditure on leisure. Therefore, WLL continues to review all aspects of the business to identify efficiencies and opportunities for business growth, whilst at the same time continuing to deliver valued services in the communities it serves for those who need these services most.

At the time of writing the Council is considering it's 5-year budget which will have implications for the setting of the management fee for West Lothian Leisure for the 5-year period from 2023/24. The Scottish Government spending review suggests that real term decreases in funding to councils is likely. The Council is also likely to be impacted by high inflation and the emerging cost of living crisis.

Consequently, we recognise the Council is not immune to the financial pressures, and we understand the Council's need to reduce expenditure and will do our bit to help; however, it is hoped that any reduction in the future management fee is proportionate and realistic.

It is more important than ever, that we continue to engage constructively with the Council so that a joint position on the type and level of service that the community needs is agreed together with the best delivery model and funding to achieve this.

### 4. Estate Strategy:

This remains a challenge with the older stock of buildings. With the company now responsible for the management of all maintenance works for the properties and with limited funds available from West Lothian Council, this will require careful management to maintain standards. WLL has already vacated Low Port Centre and handed this lease back to WLC.

## WEST Lothian LEISURE

### Board Report

For the year ended 31 March 2022

A condition survey, led by the Council has been agreed to be undertaken of the whole estate managed by WLL. This will identify priorities for repair and maintenance and should enable WLL property issues to be considered by WLC as part of their capital repair programme. WLL is also keen to work with WLC to agree a facilities strategy which considers future investment and what the optimum, long-term asset portfolio might look like.

In 2021/22, West Lothian Council provided £370k of capital funding to pay for two major items - replacement of boilers at Armadale and the air handling system at Linlithgow.

#### **5. Investment Strategy:**

The development of a longer-term facility and agreed joint capital investment strategy between the Company and West Lothian Council is being discussed and planned (see above).

#### **6. Strategic Planning:**

Key to the organisation's financial stability, viability and business recovery during the next two years has been securing an emergency financial reserve from West Lothian Council for 2021-23. Our strategic and financial planning plan takes into consideration increased costs of operating the business and the expected reduction to the core management fee in future years.

We continue to monitor and manage projects aligned to the 2021-2023 Business Plan. Sitting below the high-level company goals are a series of aims and actions. Of the 39 projects identified at inception, 17 have been completed, 12 are in flight and on track, 2 are delayed and 8 have not started.

#### **7. Partnership Working:**

We have built on and extended our partnership working with key partners principally West Lothian Council, Health and Social Care Partnership, Sport Scotland, West Lothian College, Creative Scotland and Community Leisure UK and continue to be an active member of the West Lothian Community Planning Partnership and Health and Social Care Partnership Strategic Board.

WLL would like to extend its thanks again to West Lothian Council for the help and support measures provided to WLL during the Covid-19 pandemic.

#### **8. Reporting:**

We have maintained the quality of reporting of financial and performance information both to partners and the regulatory bodies. Our Annual Report seeks to highlight our achievements in meeting West Lothian Council's strategic objectives. The performance reporting to the Board has also been widened to include success measures described in the Business Plan.

#### **9. Organisational Culture:**

The roll out of the new performance review framework which will have the charity's core values at its heart, should ensure the workforce is more engaged and motivated. In addition, the appointment of a learning and development specialist will further support a positive organisational culture going forwards.

# WEST LOTHIAN LEISURE

## Board Report

**For the year ended 31 March 2022**

We remain confident that the ongoing culture of service excellence as evidenced by our member experience, gold award for 2021 and renewed focus on our charity values and performance framework are correct for our service delivery.

### **10. Environmental Policy:**

Following COP26, we were delighted to launch our new environmental, sustainability and energy policy and implementation plans. 'Towards Net-Zero' sets stretching and ambitious targets to become carbon neutral by 2045. The policy seeks to ensure that addressing the climate change emergency becomes everyone's responsibility and sets out clear aims, objectives and actions.

### **Structure, Governance and Management**

#### *Structure*

West Lothian Leisure is (from August 2016) a Company Limited by Guarantee with West Lothian Council as sole member. The Company also has charitable status granted by the Office of the Scottish Charity Regulator and is recognised by HM Revenue and Customs.

West Lothian Leisure was incorporated on 1 February 1998 (as an Industrial and Provident Society) and provides sports and leisure facilities to the community of West Lothian. It operates as a not for profit distributing organisation.

#### *Corporate Governance*

The Board (of Trustees or Non-Executive Directors) is committed to demonstrate good Corporate Governance and compliance with the Nolan recommendations in this respect. To this end it has established an Audit and Finance Sub Committee that works to a pre-determined Audit Plan based around these principles. The Audit and Finance Sub Committee monitors and considers the Company's compliance and records through the Audit and Finance Sub Committee Minutes, its findings that are then reported to the full Board of Trustees.

#### *Induction and Training*

Trustees are recruited to the Board after interview and approval at a Board meeting. They are selected for appointment if the Board believe their skills, knowledge and experience will benefit the Company. All Trustees receive an induction before joining the Board and additional training as necessary. If there are any areas where additional training is required this would be discussed at a Board meeting, or a one-to-one meeting with the Chair, and a solution identified.

#### *Decision Making*

The Standing Orders, Operating Guidelines, Code of Conduct and Articles of Association documents set out the decision-making powers of the Board, Sub Committees, Chief Executive and Senior Managers. This document is reviewed annually by the Board of Trustees.

The Board has a duty to keep a strategic overview of the organisation including the approval of the corporate strategy and monitoring performance against agreed targets. The Board focusses on strategic issues and through its policy setting lays out a framework within which the Chief Executive and Senior Management Team operate. Pay and remuneration policy is set by the Board, as is the Chief Executive's pay. The Chief Executive determines the grading of staff (within the policy and arrangements set by the Board) and determines staff duties and responsibilities.

#### *Employee Engagement*

WLL takes its responsibility to engage with and inform employees about matters relating to company performance and other matters of interest seriously. In 2020/21 our employee engagement had to adapt

## WEST LOTHIAN LEISURE

### Board Report

**For the year ended 31 March 2022**

to the 'new normal' of remote and home working. In 2021/22 hybrid working for head office staff became an established way of working. Engagement with outreach and venue staff incorporated many of the new methods developed during the pandemic and included:

- Entire workforce webinars - staff participated in sessions covering company updates and question and answer session with the Chief Executive and Leadership Team
- Regular email bulletins
- Continuing to develop Microsoft Teams as our new project work and communications app
- Re-established in-person, management team workshops
- Employee communications on new policies, procedures, and staff benefits
- Employee representative on the WLL Board of Directors
- Training and development for all staff on the new performance review framework
- Renewed focus on promoting WLL's core values via the performance framework training

In 2021/22, despite facing significant financial challenges, WLL was pleased to once again pay lowest paid employees the Real Living Wage increase. No pay award was made to the wider workforce; however, an increase of 3% was agreed for 2022/23.

Directors also oversee the charity's duty of care to its workforce by reviewing and approving the company health and safety policy and regularly review the strategic risk register.

#### **Third Party Indemnity Provision**

As part of the overall insurance arrangements for the Company we have in place Trustees and Officers Liability insurance that provides qualifying third-party indemnity provision for the benefit of the Trustees of the Company. This was in force throughout the financial year.

#### **Trustees Attendance at 2021/22 Audit and Finance Sub Committee Meetings**

Attendance Record at A & F Sub Committees					
Trustees	May	Aug	Nov	Jan	Mar
Dr Cindy Brook	P	P	P	P	P
Beverley Greer	P	P	A	P	P
Cllr Tom Kerr	P	P	P	P	P
Sergio Tansini	A	P	P	A	P
Karen Anderson	P	A	NP	NP	NP
Paul Williams	P	P	R	R	R
Gillian Hentges	NYA	NYA	P	P	P
Cllr Tom Conn	A	A	P	P	P

Key	Code
Apologies	A
Resigned or n/a	R
Present	P
Cancelled	C
Not yet admitted	NYA
Note present	NP

At each AGM six Trustees are appointed to sit on the Audit and Finance Sub Committee, although any Trustee can attend any Audit Sub Committee meeting.

**WEST LOTHIAN LEISURE**

**Board Report**

**For the year ended 31 March 2022**

**Trustees Attendance at 2021/22 Board Meetings**

Attendance Record	Attendance at Board meetings						
	Apr	Jun	Sept	Oct	Dec	Feb	Mar
<b>Trustees</b>							
<b>Dr Cindy Brook</b>	P	P	P	P	P	P	P
<b>Beverley Greer</b>	P	P	P	P	P	P	P
<b>Karen Anderson</b>	P	P	P	P	P	P	P
<b>Paul Williams</b>	P	P	R	R	R	R	R
<b>Sergio Tansini</b>	P	P	P	P	P	P	P
<b>Gillian Hentges</b>	NYA	NYA	NYA	P	P	P	P
<b>Cllr Angela Doran-Timson</b>	P	P	P	A	R	R	R
<b>Cllr Tom Kerr</b>	P	P	P	P	P	P	P
<b>Cllr Chris Horne</b>	P	A	P	P	P	A	A
<b>Cllr Andrew Miller</b>	P	P	P	P	A	A	P
<b>Cllr Tom Conn</b>	P	P	P	A	P	P	P

Key	Code
Apologies	A
Resigned or n/a	R
Present	P
Cancelled	C
Not yet admitted	NYA
Not present	NP



## WEST LOTHIAN LEISURE

### Board Report

For the year ended 31 March 2022

#### Statement of Responsibilities of the Board

The trustees (who are also directors of West Lothian Leisure for the purpose of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles of the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable 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 parent charitable company will continue.

The trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the articles of association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company, for ensuring that the assets are properly applied in accordance with charity law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Disclosure of Information to the Auditor

To the knowledge and belief of each trustee, at the time the report is approved:

- So far as each trustee is aware, there is no relevant information of which the charitable company's auditor is unaware; and
- They have taken all steps that they ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of the information.

#### Auditor

A resolution to re-appoint Azets Audit Services as auditor will be put to the members at the Annual General Meeting.

In approving the Board Report, the Board of Trustees are also approving their Strategic Report in their capacity as company directors.

#### By order of the Board



**Beverley Greer**  
Secretary

15 September 2022

## WEST LoTHIAN LEISURE

### Independent Auditor's Report to the Member and Trustees

For the year ended 31 March 2022

#### Opinion

We have audited the financial statements of West Lothian Leisure (the charitable company) for the year ended 31 March 2022 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **WEST LOTHIAN LEISURE**

### **Independent Auditor's Report to the Member and Trustees**

**For the year ended 31 March 2022**

#### **Other Information**

The other information comprises the information included in the Board 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.

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 Board Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Board 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Board Report (incorporating the Directors Report and Strategic Report).

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 the Trustees**

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## WEST LOTHIAN LEISURE

### Independent Auditor's Report to the Member and Trustees

For the year ended 31 March 2022

#### Responsibilities of the Trustees (continued)

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### *The extent to which the audit was considered capable of detecting irregularities including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the charitable company, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the charitable company is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the charitable company that were contrary to applicable laws and regulations, including fraud.

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

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

## WEST LOTHIAN LEISURE

### Independent Auditor's Report to the Member and Trustees

For the year ended 31 March 2022

#### ***The extent to which the audit was considered capable of detecting irregularities including fraud (continued)***

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

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

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships
- tested journal entries to identify unusual transactions
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

#### **Use of Our Report**

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

Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's trustees, as a body, those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members, as a body, and the charitable company's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



**Nick Bennett, Senior Statutory Auditor**  
**For and on behalf of Azets Audit Services, Statutory Auditor**  
**Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006**  
**Exchange Place 3**  
**Semple Street**  
**Edinburgh, EH3 8BL**

**Date: 15 September 2022**

**WEST LoTHIAN LEISURE**

**Statement of Financial Activities (Incorporating the Income and Expenditure Account)**

**For the year ended 31 March 2022**

	Notes	Total Unrestricted 2022 £	Total Unrestricted 2021 £
<b>Income and endowments from:</b>			
Grants and donations		50	28,342
Charitable activities			
- Membership fees		4,188,440	686,016
- Leisure services		2,964,105	1,017,645
- Management service fee		3,658,881	3,526,891
Investments		3,869	3,683
Other			
- Financial income, refunds & fees		369,299	1,064,264
- CJRS Grant (Furlough income)		346,024	2,466,570
<b>Total</b>		<b>11,530,668</b>	<b>8,793,411</b>
<b>Expenditure on:</b>			
Charitable activities			
- Sports and leisure facilities	4	11,465,717	9,123,753
Other			
- Net finance cost on defined benefit pension scheme		214,000	129,000
<b>Total</b>		<b>11,679,717</b>	<b>9,252,753</b>
<b>Net expenditure</b>		<b>(149,049)</b>	<b>(459,342)</b>
<b>Other recognised gains/(losses):</b>			
Actuarial gain/(loss) on defined benefit pension scheme	8	6,168,000	(4,190,000)
<b>Net movement in funds</b>		<b>6,018,951</b>	<b>(4,649,342)</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward	14	<b>(9,761,019)</b>	<b>(5,111,677)</b>
<b>Total funds carried forward</b>		<b>(3,742,068)</b>	<b>(9,761,019)</b>

The notes on pages 23 to 35 form part of these financial statements

**WEST LOTHIAN LEISURE**

**Balance Sheet**

**As at 31 March 2022**

	Notes	2022		2021	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible fixed assets	9		<u>716,234</u>		<u>968,155</u>
<i>Total fixed assets</i>			<b>716,234</b>		<b>968,155</b>
<b>Current assets</b>					
Stock		32,607		10,608	
Debtors	10	159,870		467,498	
Cash at bank and in hand		<u>2,454,496</u>		<u>1,183,239</u>	
<i>Total current assets</i>		<b>2,646,973</b>		<b>1,661,345</b>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	11	<u>(2,317,794)</u>		<u>(2,194,619)</u>	
<i>Net current assets/(liabilities)</i>			<u>329,179</u>		<u>(533,274)</u>
<i>Total assets less current liabilities</i>			<b>1,045,413</b>		<b>434,881</b>
Creditors: amounts falling due after more than one year	12		<u>(27,481)</u>		<u>(74,900)</u>
<i>Net assets excluding pensions liability</i>			<b>1,017,932</b>		<b>359,981</b>
Defined benefit pension liability	8		<u>(4,760,000)</u>		<u>(10,121,000)</u>
<b>Total net liabilities</b>			<b><u>(3,742,068)</u></b>		<b><u>(9,761,019)</u></b>
<b>The unrestricted funds of the charity:</b>					
General funds			1,017,932		359,981
Pension reserve			<u>(4,760,000)</u>		<u>(10,121,000)</u>
<b>Total charity funds</b>	14		<b><u>(3,742,068)</u></b>		<b><u>(9,761,019)</u></b>

The financial statements were approved and authorised for issue by the Board on 15 September 2022.

Dr Cindy Brook, Chair



Beverley Greer, Secretary



**Registered in Scotland – SC543017**  
**Charity Number – SC027470**

The notes on pages 23 to 35 form part of these financial statements

**WEST LOTHIAN LEISURE**

**Statement of Cash Flows**

**For year ended 31 March 2022**

	Notes	2022		2021	
		£	£	£	£
<b>Cash flows from operating activities:</b>					
<i>Net cash provided by/ (used by) operating activities</i>	15		<b>1,466,133</b>		(180,804)
<b>Cash flows from investing activities:</b>					
Interest received		<b>3,869</b>		3,683	
Purchase of property, plant and equipment:		<b>(68,576)</b>		(59,962)	
<i>Net cash used in investing activities</i>			<b>(64,708)</b>		(56,279)
<b>Cash flows from financing activities:</b>					
Repayments of borrowing		<b>(130,168)</b>		(246,211)	
<i>Net cash used in financing activities</i>			<b>(130,168)</b>		(246,211)
<i>Change in cash and cash equivalents in the reporting period</i>	16		<b>1,271,257</b>		(483,294)
<b>Cash and cash equivalents at the beginning of the reporting period</b>			1,183,239		1,666,533
<b>Cash and cash equivalents at the end of the reporting period</b>			<b>2,454,496</b>		1,183,239

The notes on pages 23 to 35 form part of these financial statements



## **WEST LOTHIAN LEISURE**

### **Notes to the Financial Statements**

**For year ended 31 March 2022**

#### **1. General information**

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated. They comprise the financial statements of West Lothian Leisure for the year ended 31 March 2022.

The principal activity of West Lothian Leisure is the operation of sports and leisure facilities leased from West Lothian Council.

West Lothian Leisure is a charitable company limited by guarantee incorporated in the United Kingdom and registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC027470. In the event of the winding up of the charitable company a member is liable to contribute a sum not exceeding £1. Details of the registered office and company registration number can be found on page 1 of these financial statements.

As described in note 19, West Lothian Leisure is deemed to be a subsidiary undertaking of its ultimate parent, West Lothian Council.

#### **2. Accounting Policies**

##### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

West Lothian Leisure meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charitable company's financial statements unless otherwise stated.

## WEST LoTHIAN LEISURE

### Notes to the Financial Statements

For year ended 31 March 2022

#### 2. Accounting Policies (continued)

##### Going Concern

The financial statements have been prepared based on accounting policies that are consistent with the treatment of the charitable company as a going concern. In the Board's opinion, the charitable company will be able to continue to trade for the foreseeable future.

West Lothian Leisure has a rolling Service Agreement with West Lothian Council and the current funding agreement within this will fall due for renewal on 31 March 2023. West Lothian Leisure, as sole member of the company, have indicated that they have a process in place which the company believes would lead to the provision of funding to cover a trading deficit in excess of available cash reserves, should one occur.

The charitable company has net liabilities at 31 March 2022 of £3,742,068 (2021: £9,761,019). Excluding the deficit on the defined benefit retirement scheme of (£4,760,000) the charitable company reported net assets of £1,017,932 (2021 net assets: £359,981). The charitable company has net current assets of £329,176 as compared to net liability in previous year (2021: £533,274) and reported net expenditure for the year of £149,049 (2021: £459,342).

The Covid-19 pandemic had a significant and unprecedented negative impact on WLL's financial position. During the course of 2020/21 WLL's lost income was in excess of £8m. The impact of the pandemic continued into 2021-22 as membership numbers and income generated from clubs, pay per visit and other sources continued to recover to post pandemic levels. During the year WLL secured a further £346k through the Job Retention Scheme.

WLC has agreed to provide a letter of comfort which means they will agree to meet WLL everyday cash liabilities until the end of this financial year should WLL be unable to do so. WLC's Council Executive also agreed a financial reserve be made available to WLL, capped at £1.5m per annum for 2021-22 and 2022-23 which can be drawn quarterly in advance, should there be a need to so. Payments will be subject to gateway reviews. This reserve provides greater certainty that WLL will be able to remain a going concern and recover to pre-Covid business activity levels. WLC also provided £370k of capital funding for 2021/22.

To improve financial viability, WLC continues to review all aspects of its business to identify opportunities to reduce its cost base and grow income. To this end in May 2021, WLC closed its operations at The Low Port Centre redesigning its outdoor learning and activity offer and delivering it from other existing venues. Through a close working relationship with WLC officers WLL continues to consider the best use of existing facilities as well as the possible operation of new high school facilities on behalf of WLC.

The most recent cash flow forecast based on potential demand and cautious re-building of our membership numbers shows a positive cash flow for each of the 12 months in 2022/23. The lowest point is reached in February 2023 (forecast at £2,072k) with the cash balance projected to be £2,254k at the year end. The cash flow forecast incorporates the replacement gym equipment at all venues bar Bathgate. This will assist with income generation and reduce potential cash outgoings in future years.

##### Income recognition

Income is recognised in the period in which the charitable company is entitled to receipt, receipt is probable, and the amount can be measured with reasonable certainty. Income is deferred only when the charitable company has to fulfil conditions before becoming entitled to it.

- Revenue grants are recognised in the period in which the charitable company is entitled to receipt, receipt is probable, and the amount can be measured with reasonable certainty.
- Membership income is recognised on a straight-line basis in line with the delivery of membership services and the membership agreement.
- Leisure services income is recognised when services are provided.
- Management fee income is recognised in the period to which it relates.
- Other income is recognised in the period to which it relates.
- Investment income is recognised in the period in which it is receivable.

**WEST LOTHIAN LEISURE**  
**Notes to the Financial Statements**  
**For year ended 31 March 2022**

**2. Accounting Policies (continued)**

**Allocation of Expenditure**

Expenditure is recognised when a legal or constructive obligation arises. Where possible, expenditure has been charged directly to charitable expenditure or governance cost. Where this is not possible the expenditure has been allocated on the basis of time spent by staff on each activity.

- Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include the audit fees and costs linked to the strategic management of the charitable company.

**Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and any impairment.

Tangible fixed assets costing more than £2,500 are capitalised and included at cost. Depreciation is charged to write off the cost less the estimated residual value of fixed assets by equal instalments over their estimated useful lives as follows:

Computer equipment	4 years
Furniture and equipment	3 - 6 years

**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

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 three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The charitable company did not hold any cash equivalents in the current year.

**Stock**

Stocks represent goods for resale and are valued at the lower of cost and net realisable value in the ordinary course of activities. Net realisable value is based on estimated selling price less any provision for slow moving or obsolete stock.

**Creditors**

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

**Financial instruments**

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

## WEST LoTHIAN LEISURE

### Notes to the Financial Statements

For year ended 31 March 2022

#### 2. Accounting Policies (continued)

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

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

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

#### Pensions

The charitable company operates a defined benefit scheme in respect of its employees. The assets of the scheme are held in external funds managed by professional investment managers.

In accordance with FRS 102 Retirement Benefits, the Statement of Financial Activities includes: the cost of benefits accruing during the year in respect of current and past service (charged against net outgoing resources); the expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time (shown as pensions finance charge); actuarial gain or loss recognised in the pension scheme (shown within net movement of funds). In accordance with FRS 102, the Balance Sheet includes the deficit in the scheme taking assets at their year-end market values (current bid value) and liabilities at their actuarially calculated values discounted at year-end AA corporate bond interest rates. Further details regarding the scheme are disclosed in note 8.

The charitable company also operates a defined contribution pension scheme. Contributions are recognised in the Income and Expenditure Account and Statement of Financial Activities in the period in which they become payable in accordance with the rules of the scheme.

#### VAT

The charitable company is partially exempt from VAT. Irrecoverable VAT is charged to the Income and Expenditure and Statement of Financial Activities as an expense.

#### Unrestricted Funds

Surplus revenue funds held within unrestricted funds are carried forward to meet the cost of future activities of both a capital and revenue nature.

Commitments for specific activities and needs in the future are dealt with by making allocations to designated funds.

#### Leases

Operating lease rentals are charged to the Income and Expenditure and Statement of Financial Activities on a straight-line basis over the term of the lease.

Leases which transfer substantially all of the risks and rewards of ownership to the charity are classed as finance leases. Assets held under finance leases are recognised as assets at the lower of the fair value of the asset at the date of acquisition and the present minimum lease payments. The related obligation to the lessor is included in the balance sheet as a finance lease obligation.

## WEST LoTHIAN LEISURE

### Notes to the Financial Statements

For year ended 31 March 2022

#### 2. Accounting Policies (continued)

Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the Statement of Financial Activities over the lease term at a constant rate.

#### Taxation

The charitable company has charitable status and is therefore exempt from taxation under Sections 475-477 and Chapter 3 of the Corporation Taxes Act 2010.

#### 3. Critical Judgements and Estimates

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

There are no estimates or assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of accounting estimation have been applied to the pension scheme assumptions and the depreciation rates which are deemed appropriate for the class of assets.

#### 4. Charitable Activities Expenditure – Sports and Leisure Facilities

	2022 £	2021 £
Employee costs (note 6)	6,286,581	5,801,415
Property costs	2,605,955	1,846,461
Transport costs	69,051	73,736
Supplies and services	1,734,428	867,419
Irrecoverable VAT	321,480	173,872
Depreciation and impairment	320,498	315,161
Bank charges	65,915	17,059
Discounts	31,233	3,620
Governance costs (note 5)	30,576	25,010
	<u>11,465,717</u>	<u>9,123,753</u>

The above costs relate to the one activity of the charitable company, to deliver sports and leisure facilities to the community within West Lothian.

#### 5. Governance Costs

	2022 £	2021 £
Audit and other accountancy fees	24,975	22,210
Trustee indemnity insurance	5,601	2,800
	<u>30,576</u>	<u>25,010</u>

## WEST LoTHIAN LEISURE

### Notes to the Financial Statements

For year ended 31 March 2022

#### 6. Staff Costs and Numbers

	<b>2022</b>	<b>2021</b>
	£	£
Wages and salaries	<b>4,963,383</b>	4,627,949
Social security costs	<b>321,414</b>	296,995
Other pension costs	<b>408,784</b>	507,471
FRS 102 defined benefit pension scheme adjustment	<b>593,000</b>	369,000
	<b>6,286,581</b>	5,801,415

The above amounts for 2022 include redundancy and pension strain costs of £109,788 (2021 £149,331). These are included in the figures above. No funding was received in connection with these costs.

The aggregate number of employees whose emoluments exceeded £60,000 was as follows:

	<b>2022</b>	<b>2021</b>
	Number	Number
£60,000 - £69,999	-	2
£70,000 - £79,999	1	1
£80,000 - £89,999	1	1
	<b>2</b>	4

The average monthly number of employees during the year was

	<b>2022</b>	<b>2021</b>
	Number	Number
	<b>319</b>	341

One employee was a member of the Board as staff representatives during the year. This individual received remuneration including back pay, pension and employer national insurance contributions as follows:

	<b>2022</b>	<b>2021</b>
	£	£
K Anderson	<b>45,426</b>	46,315

None of the amounts above included any remuneration for being a director; all amounts were received for employment under employment contract.

No expenses were reimbursed to directors (2021: £nil).

In addition to the trustees, the key management personnel of the charitable company are deemed to be the Chief Executive, Head of Operations, Head of Corporate Services and Head of Finance. The total employee benefits received by key management personnel in the year was £334,780 (2021: £349,911).

## WEST LOTHIAN LEISURE

### Notes to the Financial Statements

For year ended 31 March 2022

#### 7. Operating Deficit

	2022 £	2021 £
<b>The operating deficit is stated after charging</b>		
Auditor's remuneration – audit	24,975	22,210
Depreciation of tangible fixed assets	232,643	315,161
Impairment of tangible fixed assets	87,855	-
Hire of equipment, plant and machinery	13,373	15,210

#### 8. Pension Costs

The total pension cost charged to net expenditure for the year amounted to £1,215,784 (2021: £1,005,471). Included within this figure is a FRS 102 adjustment of £593,000 (2021: £369,000) and finance costs of £214,000 (2021: £129,000).

A contingent asset of £224,000 relating to the defined benefit pension scheme liability arose in connection with an indemnity provided by West Lothian Council against any future pension funding payments arising as a result of the transfer of services to the charitable company on 1 April 2017. This contingent asset has not been recognised in these financial statements.

##### Defined contribution pension scheme

In 2014 the charitable company introduced a defined contribution pension scheme. New employees are automatically enrolled into this scheme although they may choose to opt out if they wish. Total employer's contributions to this scheme during the year amounted to £118,354 (2021: £104,546).

##### Defined benefit superannuation scheme

The charitable company is an admitted body of the Lothian Pension Fund. The Superannuation Fund is a defined benefit scheme into which employees' and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Total employer's contributions to this scheme during the year amounted to £290,430 (2021: £279,180). Employees' contributions are determined based on their salary, increasing the higher the salary and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and, in a position, to meet its future liabilities. The actuarial method used is known as Projected Unit Method. The last actuarial valuation was at 31 March 2020. Employer contribution for the year to 31 March 2023 are forecast to be £300,444.

In accordance with FRS 102 – Employee Benefits – a valuation of the fund was carried out at 31 March 2021, by Hymans Robertson, independent actuaries, based on the last full triennial valuations and allowing for the changes in financial assumptions as prescribed under FRS 102.

The main assumptions used in the calculations are:

	31 March 2022 % per annum	31 March 2021 % per annum	31 March 2020 % per annum
Salary increases	3.65%	3.3%	3.4%
Pension increases	3.15%	2.8%	1.8%
Discount rate	2.75%	2.05%	2.3%

## WEST LoTHIAN LEISURE

### Notes to the Financial Statements

For year ended 31 March 2022

#### 8. Pension Costs (continued)

##### Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current pensioners	<b>20.3 years</b>	23.1 years
Future pensioners	<b>21.6 years</b>	25.0 years

##### The major categories of assets of the scheme were:

	<b>2022</b>	<b>2021</b>
Equities	<b>71%</b>	73%
Bonds	<b>13%</b>	12%
Property	<b>7%</b>	7%
Cash	<b>9%</b>	8%

The table below compares the estimated present value of the scheme liabilities with the employer assets:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of employer assets	<b>32,856</b>	29,647
Present value of funded liabilities	<b>(37,616)</b>	(39,434)
Present value of unfunded liabilities	-	(334)
Net liability in balance sheet	<b>(4,760)</b>	(10,121)

##### Analysis of the amount charged to resources expended:

	<b>Year to</b>	<b>Year to</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>
Past service cost of the defined benefit scheme	-	(32)
Current service cost of the defined benefit scheme	<b>(957)</b>	(668)
	<b>(957)</b>	(700)

##### Analysis of amount charged to other finance costs:

	<b>Year to</b>	<b>Year to</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on employer assets	<b>607</b>	604
Interest on pension scheme liabilities	<b>(821)</b>	(733)
Net interest cost	<b>(214)</b>	(129)

##### Analysis of amounts included in other recognised gains and losses:

	<b>Year to</b>	<b>Year to</b>
	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	<b>2,609</b>	3,699
Other experience	<b>(105)</b>	101
Net change in financial and demographic assumptions underlying the present value of the scheme liabilities	<b>3,664</b>	(7,990)
Actuarial gain/(loss) recognised in net movement of funds	<b>6,168</b>	(4,190)



**WEST LOTHIAN LEISURE**

**Notes to the Financial Statements**

**For year ended 31 March 2022**

**8. Pension Costs (continued)**

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

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Opening fair value of employer assets	29,647	26,300
Interest income on plan assets	607	604
Contributions by members	114	117
Contributions by the employer	354	322
Contributions in respect of unfunded benefits	10	9
Actuarial gain/(loss)	2,609	2,771
Unfunded benefits paid	(10)	(9)
Benefits paid	(475)	(467)
Closing fair value of employer assets	<u>32,856</u>	<u>29,647</u>

Changes in the defined benefit obligation are as follows:

	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Opening defined benefit obligation	39,768	31,733
Current service cost	957	668
Past service cost	0	32
Interest cost	821	733
Contributions by members	114	117
Actuarial losses/(gains)	(3,559)	6,961
Estimated benefits paid	(475)	(467)
Estimated unfunded benefits paid	(10)	(9)
Closing defined benefit obligation	<u>37,616</u>	<u>39,768</u>

**9. Tangible Fixed Assets**

	Furniture & equipment £	Computer equipment £	Total £
<b>Cost</b>			
As at 1 April 2021	3,481,845	109,135	<b>3,590,980</b>
Additions	54,102	14,475	<b>68,577</b>
As at 31 March 2022	<u>3,535,947</u>	<u>123,610</u>	<u>3,659,557</u>
<b>Depreciation</b>			
As at 1 April 2021	2,557,429	65,396	<b>2,622,825</b>
Charge for the year	209,829	22,814	<b>232,643</b>
Impairment	87,855	-	<b>87,855</b>
As at 31 March 2022	<u>2,855,113</u>	<u>88,210</u>	<u>2,943,323</u>
<b>Net book value</b>			
As at 31 March 2022	<u>680,834</u>	<u>35,400</u>	<u>716,234</u>
As at 31 March 2021	<u>924,416</u>	<u>43,739</u>	<u>968,155</u>

The net book value of the assets held under finance lease agreements as at 31 March 2022 was £644,498 (2021: £796,681). The depreciation charged on these assets in the year to 31 March 2022 was £156,723 (2021: £225,333).

**WEST LoTHIAN LEISURE**  
**Notes to the Financial Statements**  
**For year ended 31 March 2022**

**10. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>21,733</b>	8,875
Other debtors and prepayments	<b>138,137</b>	458,623
	<b>159,870</b>	467,498

**11. Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Finance lease creditor	<b>47,419</b>	130,168
Tax and social security	<b>56,469</b>	88,098
Trade and other creditors	<b>1,806,078</b>	1,466,093
Accruals and deferred income	<b>407,828</b>	510,260
	<b>2,317,794</b>	2,194,619

Trade and other creditors include £1,482,243 due to West Lothian Council (2021: £1,179,959).

Finance lease creditors are secured over the assets to which they relate.

**12. Creditors: Amounts falling due after one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Finance lease	<b>27,481</b>	74,900
	<b>27,481</b>	74,900
<i>Analysed as follows:</i>		
Repayable between 1 – 2 years	<b>27,481</b>	47,419
Repayable between 2 – 5 years	-	27,481
Repayable in more than 5 years	-	-
	<b>27,481</b>	74,900

Finance lease creditors are secured over the assets to which they relate.

**WEST LOTHIAN LEISURE**

**Notes to the Financial Statements**

**For year ended 31 March 2022**

**13. Share Capital**

The charitable company is limited by guarantees of £1 per member and has no share capital. At 31 March 2022 there was one member.

**14. Reserves**

<b>2022</b>	<b>Balance at 1 April 2021 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Other gains/ (losses) £</b>	<b>Balance at 31 March 2022 £</b>
General funds	359,981	11,530,668	(10,872,717)	-	1,017,932
Pension reserve	(10,121,000)	-	(807,000)	6,168,000	(4,790,000)
<b>Unrestricted funds</b>	<b>(9,761,019)</b>	<b>11,530,668</b>	<b>(11,679,717)</b>	<b>6,168,000</b>	<b>(3,742,068)</b>
<b>2021</b>	<b>Balance at 1 April 2020 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Other gains/ (losses) £</b>	<b>Balance at 31 March 2021 £</b>
General funds	321,323	8,793,411	(8,754,753)	-	359,981
Pension reserve	(5,433,000)	-	(498,000)	(4,190,000)	(10,121,000)
<b>Unrestricted funds</b>	<b>(5,111,677)</b>	<b>8,793,411</b>	<b>(9,252,753)</b>	<b>(4,190,000)</b>	<b>(9,761,019)</b>

**15. Reconciliation of net expenditure to net cash flow from operating activities**

	<b>2022 £</b>	<b>2021 £</b>
Net expenditure for the reporting period	(149,049)	(459,342)
Depreciation and impairment of fixed assets	320,498	315,161
Interest received	(3,869)	(3,683)
FRS 102 pension adjustments	807,000	498,000
Decrease/(increase) in debtors	307,628	48,345
(Decrease)/increase in creditors	205,924	(589,999)
Decrease/(increase) in stock	(21,999)	10,714
<b>Net cash provided by operating activities</b>	<b>1,466,133</b>	<b>(180,804)</b>

## WEST LOTHIAN LEISURE

### Notes to the Financial Statements

For year ended 31 March 2022

#### 16. Analysis of Changes in Net Debt

	Brought forward £	Cash flow £	Non-Cash flow £	Carried forward £
Cash	1,183,239	1,271,257	-	2,454,496
Finance lease debt	(205,068)	130,168	-	(74,900)
	<b>978,171</b>	<b>1,401,425</b>	<b>-</b>	<b>2,379,596</b>

#### 17. Operating Lease Commitments

At 31 March 2022 the charitable company had commitments under non-cancellable operating leases for equipment as set out below: -

	2022 £	2021 £
Payments falling due:		
Within one year	-	1,308
Within two to five years	-	-
	<b>-</b>	<b>1,308</b>

#### 18. Members' Interests

Due to the nature of the charitable company's operations and composition of its Board, being comprised of individual public sector and commercial organisations, it is inevitable that transactions will take place with companies and organisations in which a member of West Lothian Leisure Limited has an interest.

The charitable company works in partnership with the West Lothian Council with which transactions have been undertaken during the year. The following is a list of members of the Board who held potentially connected positions during the year.

Table showing potential for Director's Connected Interests:

WLL Director	Company	Occupation	Date Joined
Dr Cindy Brook	Retired	Retired Clinical Director / GP	03/11/2005
Beverley Greer	Freelance	Sports Coach	27/06/2013
Karen Anderson	West Lothian Leisure	Assistant Facility Manager	11/09/2014
Tom Kerr	West Lothian Council	Elected Member	29/06/2017
Chris Horne	West Lothian Council	Elected Member	29/06/2017
Angela Doran-Timson	West Lothian Council	Elected Member	29/06/2017
Andrew Miller	West Lothian Council	Elected Member	29/06/2017
Paul Williams	Epipole Ltd	Company Director	17/12/2019
Sergio Tansini	Tansini Ltd, GrowTech Consultancy Ltd., IMR Executive Ltd.	Company Director	04/10/2019
Tom Conn	West Lothian Council	Elected Member	12/03/2020
Gillian Hentges	Sainsbury's Bank	Chartered Accountant	26/10/2021

## WEST LoTHIAN LEISURE

### Notes to the Financial Statements

For year ended 31 March 2022

#### 19. Related Party Transactions

West Lothian Council is the sole member of the charitable company. West Lothian Council may appoint or remove any director from office, provided that the number of directors in office appointed by West Lothian Council at any time does not form a majority or exceed a maximum of 5. West Lothian Council may, by special resolution, direct the directors to take, or refrain from taking, specified action, and is entitled to make any decision of the company as if agreed by the company in a general meeting.

West Lothian Council also commissions the work of the charitable company by virtue of a services agreement, which provides a substantial portion of the charitable company's funding and use of the premises operated by the charitable company.

During the year, £1,310,110 (2021: £1,313,595) was received from West Lothian Council as a management fee, with a further £713,926 (2021: £713,926) in connection with new facilities taken on in April 2017 and additional funding of £1,683,006 (2021: £1,517,000). In addition to this, £128,000 (2021: £128,000) was received for free under 16s swimming, £120,830 (2021: £120,830) for free under 5s and over 60s swimming and £87,463 (2020: £87,463) for curricular swimming.

At the year-end there is a balance due to West Lothian Council of £1,482,243 (2021: £1,179,959) and £nil (2021: £2,000) due from West Lothian Council.

#### 20. Non-Audit Services

In common with many other businesses of its size and nature, the charitable company uses its auditor to prepare its annual financial statements and for occasional Corporation Tax and Value Added Tax compliance advice.