

**North Lanarkshire Leisure Limited
(Company Limited by Guarantee)**

**Directors' report
and financial statements
for the year ended 31 March 2012**

Registered Number SC303391

Charity Number SC037439

North Lanarkshire Leisure Ltd

Directors' report and financial statements for the year ended 31 March 2012

Contents

Message from the Chairman	3
Introduction from the Chief Executive.....	6
Directors' report for the period ended 31 March 2012.....	8
Structure, Governance and Management	9
Objectives and Activities	11
Achievements and Performance	13
Financial Review	25
Plans for Future Periods.....	26
Statement of Directors' Responsibilities	28
Independent auditors' report to the members of North Lanarkshire Leisure Limited.....	29
Consolidated Statement of financial activities for the period ended 31 March 2012 (incorporating the income and expenditure account).....	31
Company Statement of financial activities for the period ended 31 March 2012 (incorporating the income and expenditure account).....	32
Consolidated Balance sheet as at 31 March 2012	33
Company Balance sheet as at 31 March 2012	34
Consolidated Cash flow statement for the period ended 31 March 2012.....	35
Notes	36

North Lanarkshire Leisure Ltd

Message from the Chairman

I'm delighted to present the sixth annual report for North Lanarkshire Leisure (NLL). Once again, there have been major initiatives and achievements for the company during 2011/12 which have helped to consolidate the pattern of success and continuous improvement, underlining the provision of best value services provided by North Lanarkshire Leisure on behalf of North Lanarkshire Council.

2011/12 was a major year and watershed for North Lanarkshire Leisure and partners in many respects. This year allowed us to consolidate the opening in the previous year of the £32m Ravenscraig Regional Sports Facility and the £9m addition to the Broadwood Stadium campus. I'm delighted to report, that both of these facilities have almost become instantly successful and their usage and customer base quickly growing to meet what seems to be an ever increasing demand for sports, health and physical activity services and programmes, provided by quality sports facilities and highly qualified and motivated staff to the residents of North Lanarkshire. The results, through 'customer footfall' alone clearly speak for themselves with both facilities generating just short of a million additional attendances, with Ravenscraig contributing 461,515 and Broadwood Stadium welcoming 469,466 customer attendances this year. This contributes to the total growth in attendances of 96% to almost 4.5m and 192% to £11m in customer income since North Lanarkshire Leisure was formed on the 16th September 2006.

With the dissolution of the Time Capsule Monklands Trust and transfer of the Time Capsule to NLL in April 2012, marked the long-term aspiration of North Lanarkshire Council, indicated through their best value service reviews of sport and several strategic papers on the development of sport to bring what was a previously disjointed and fragmented service under the one banner. This together with the transfer of the Broadwood Stadium Company to NLL in 2009 and the new facilities coming into NLL's portfolio completes this long-term aim. This clearly allows for greater synergies in service provision, reduced duplication where duplication existed and helps us to identify and address gaps in service provision.

The eyes of the world were on Lanarkshire last year when we hosted the 45th International Children's Games from the 3rd to 8th August. Lanarkshire welcomed around 1,500 of the world's best young athletes, representing 77 world wide cities from 33 countries in what was to become a fantastic international sporting spectacle. North Lanarkshire Leisure had worked intensively for three years prior to the games with our strategic partners in sport, such as local sports clubs and organisations and the Scottish National Governing Bodies of Sport to ensure that the three sports that the company was responsible for; namely badminton and judo at Ravenscraig and volleyball at Wishaw Sports Centre were pitched at the highest international standards possible. In addition to this, NLL worked very closely with Strathclyde Country Park to ensure that the sailing competition was also successful. The massive success of the sports competitions, coupled with what was a fantastic opening ceremony at Fir Park in Motherwell and closing ceremony at Strathclyde Park, prompted the President of the ICG, Torsten Rasch to declare the Lanarkshire Games the "best ICG ever" at the games closing ceremony.

The final tranche of the of Future Jobs Fund initiative completed during this year when 30 "Leisure Assistants" began their six month employment with NLL from March to September 2011. These young people received a wide range of sports specific and generic training, coupled with real workplace experience that will better equip them to enter the job market. The young people involved played a full and meaning part in the International Children's Games, and the extensive training that they have received provided the opportunity for them to gain employment either with

North Lanarkshire Leisure Ltd

NLL or in the leisure industry or to assist at the Glasgow 2014 Commonwealth Games. It is regretful that this successful programme is no longer being continued by the Scottish Government as many of the trainees went on to gain employment with North Lanarkshire Leisure or elsewhere.

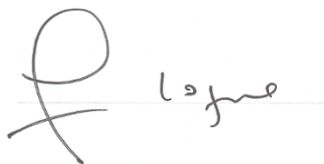
The programme of events has been outstanding and continued to grow this year. This has included the clubsportnl Monklands half marathon, the Scottish athletics 'Golden League' competition and the Cumbernauld 10K. We also hosted the Games Legacy for Scotland 'Big Bash' which brought thousands of young people taking part in the Saturday and Friday nights sports and outreach diversionary projects to Ravenscraig for a massive inter-area competition and to try a range of Commonwealth sports to celebrate the games coming to Glasgow in 2014. North Lanarkshire Leisure took over from the Council the lead role in assisting and organising the Wishaw Games which is the largest pan-disability games in Scotland in partnership with the Wishaw Games Trust and Rotary International and in addition to this, the responsibility for the staging the National Cross Country Championships in partnership with Scottish Athletics was also transferred and both events went very well, with the opportunity to raise their profile in future years. Ravenscraig hosted televised snooker and boxing and held a wide range of local, regional, national and international competitions, confirming the importance that this facility and its staff will play in growing and developing the events portfolio in the area. Local hotels are already gaining the benefits as the events as participants, spectators, coaches and officials are filling much needed bed nights for these businesses.

North Lanarkshire was also celebrating being awarded the European City of Sport for the UK for 2011 during this business plan period, which has been an invaluable award in raising the profile, significance and impact of sport in the area. This award recognises that despite the considerable challenges facing North Lanarkshire that the programmes, services and leadership in sport is making a real impact and this is clearly evidenced by the growth in participation and performance in sport, with more people being more regularly active, helping to work towards the national physical activity guidelines.

The significant levels of growth and development outlined in this annual report would, once again not have been possible without the invaluable contribution, through clear leadership, sound and transparent governance of NLL's Board of Directors who give freely of their time, energies and expertise in service to the communities, customers and strategic stakeholders the board represents. I would like to thank them for their continued professionalism, dedication, enthusiasm and commitment. Each board members brings with them their own unique point of view, work, life and professional experience which ensures that we are in touch, listening and responsive to customer, partners and staff needs and provide services that meets those needs. Following the local government elections in and the employee representative ballot in May 2012, a number of board members have changed, with three new North Lanarkshire Council elected member representatives and a new employee representative. I would like to welcome the new Directors to what looks like it will be a very interesting and productive board of Directors and personally thank the outgoing Directors for their major contribution in presiding over what was unprecedented levels of growth, development and expansion of the company in its first few years since formation and all can be very rightly proud of what we have collectively and individually achieved.

North Lanarkshire Leisure Ltd

Finally I would like to commend NLL staff, senior management, very effectively led and managed by the Chief Executive. I would also like to thank all employees who are clearly fully committed to delivering excellence and customer focussed services, accompanied by clear outcomes and outputs.

A handwritten signature in black ink, appearing to read 'Logue', written over a horizontal line.

James Logue
Chairman
North Lanarkshire Leisure Limited

North Lanarkshire Leisure Ltd

Introduction from the Chief Executive

2011/12 was another landmark year for North Lanarkshire Leisure. At the end of April, we expanded yet again to take over the management and operation of the Time Capsule, adding this substantial visitor attraction to a rapidly growing and diverse portfolio of facilities. At one stage, the Time Capsule was the 6th most popular paid visitor attraction in Scotland and is once again attracting visitors from far and wide, following the £6.5m refurbishment of the leisure pool and its re-launch as Scotland's Water Park. We have ambitious plans in place to develop the Time Capsule Phase 2, which will reinstate the ice rink and allow for a combined 'water and ice' experience that the centre once provided. Looking slightly to the future we are progressing plans to develop a comprehensive Phase 3 for the facility which will see a completely refurbished, state of the art dry sports health and fitness facility. Managing the Time Capsule will allow us to take a more strategic approach to the provision of sport and leisure facilities, so that we can begin to make a huge impact in improving the health and wellbeing for the area, which is vitally important given the very poor health statistics that identified the area as the most obese town in the UK. Another statistic identified Coatbridge as having the highest number of premature alcohol related deaths in the UK. We are determined to work in partnership with our colleagues in the Council and NHS Lanarkshire to tackle these damaging statistics head on.

We were nominated as European City of Sport for 2011 and in August, we held the 45th International Children's Games, when we staged the volleyball, judo and badminton competitions. I was delighted via both our partners and our staff, we delivered this event to excellent international standards. In performance terms, we have once again surpassed previous key and statutory performance indicators with participation and customer income levels reaching an all time high. As a member of the national Sports and Recreation Trusts Association and I know that North Lanarkshire Leisure is amongst the top performing trusts in the UK. This doesn't happen by chance, but is a result of designing excellent customer focussed services that our residents, pay and play customers and members want and hence they are voting with their feet. As always I would like to acknowledge the invaluable contribution of NLL staff in making this happen. NLL values every member of staff vital contribution to providing the services we provide and I am continually impressed on my regular 'roadshows' and through direct and indirect feedback to the lengths that my staff will go to ensure that our services are inclusive, accessible and affordable to all, whilst continually striving to improve service quality.

Access NL continues to be the most successful membership scheme of its type in Scotland and we finished this business plan period with over 33,000 members, also making it amongst the most successful in the UK. We have improved the value of the membership by including access to Scotland's Water Park as an inclusive part of the membership.

As a completely not-for-profit sports trust, we have continued to invest in our facilities and this year has brought a new gym and studios for Airdrie Leisure Centre, a completely refurbished Lochview Family Golf Centre, new changing facilities and refurbished pool side for Sir Matt Busby Sports Complex swimming pool and new swimming pool changing at Wishaw Sports Centre to name a few of these investments.

In contrast to this picture of improved performance, facility investments, service and programme improvements, we have also had to deliver significant efficiency savings during this business plan period linked to our public sector contract. A number of staff have left the company via voluntary redundancy and I thank all involved for their contribution. North Lanarkshire Leisure is not immune

North Lanarkshire Leisure Ltd

to the financial pressures that are facing public services and consequently we have delivered a significant reduction in our management fee from North Lanarkshire Council. In the past, we have been shielded to an extent by growth in income levels following our successful performance, however it is likely that this will slow down over the next couple of years, while the levels of savings that requires to be delivered will increase. In addition to this, we are also aware that there has been a growth in the low cost health and fitness sector providers in the UK and this is also beginning to impact in North Lanarkshire. Accordingly we need to examine ways of reducing costs and providing services more efficiently than before, whilst at the same time protecting core services and provision.

Accordingly we will need to review key structures, roles and responsibilities during 2012/13 and beyond to ensure that we are a lean, capable and performing organisation. Crucial to this will be the role of the Board of Directors, who provide the vision and leadership, monitoring and critical review to ensure that we meet business and sport, recreation, advancement of health and provision of social inclusion charitable objectives.

In contrast to this, because of the purpose of NLL, we have been very successful in securing partnership funding for both capital and revenue projects and I was delighted when NHS Lanarkshire recognised the vital role that NLL plays in promoting health and wellbeing, illness prevention, rehabilitation, recuperation and recovery providing a substantial funding package. This will enable us to introduce or continue to support some key programmes and initiatives that will directly benefit the health and wellbeing of North Lanarkshire residents.

With the London Olympics in July and the Glasgow Commonwealth Games and Ryder Cup coming back to the home of golf in Scotland in 2014, this is an unprecedented, once in a lifetime period for sport in Scotland and in the UK. The demand for our facilities and services will reach an all time high. We need to build on the social capital arising from the games and use it to promote our services and encourage everyone to become more active and get involved in sport and physical activity. In this regard, I will be delighted to be the Head of Delegation for Team Lanarkshire taking part in the 46th International Children's Games in Daegu, South Korea in July, with the team of the best young 12-15 year old athletes representing Lanarkshire in football, athletics, swimming and Taekwondo. We are privileged this year to be joined by James McCabe the leader of North Lanarkshire Council who will be the official games City Representative for the team and I would personally like to thank the Leader and a number of senior politicians and officials in the Council for the continued support they have shown for sport and North Lanarkshire Leisure. I am especially thankful to Cllr. Jim Logue the Chair of the Board of Directors and the board themselves for their support, expertise and passion which is making a positive difference in North Lanarkshire. Without their support the success of the trust would not be possible.

Additionally, the outstanding performance reflected in this year's annual report would not have been possible without a dedicated, committed and highly professional staff who constantly attempt to make the difference to provide award winning, excellent value for money services. Thank you to all staff who play a significant role in delivering to all our customers.



Blane Dodds
Chief Executive
North Lanarkshire Leisure Limited

North Lanarkshire Leisure Ltd

Directors' report for the year ended 31 March 2012

The Directors have pleasure in submitting the report and audited financial statements of the charitable company for the year ended 31st March 2012.

Reference and administrative details

Charity Number SC037439

Company Number SC303391

Registered Office 100 Buchanan Street, Coatbridge. ML5 1DL

Directors

J Logue (Chair)

B Wallace

Resigned 3rd May 2012

C Adamson

Resigned 3rd May 2012

J Robertson

D Gamble

G Watson

V Mitchell

H Sweeney

W Shearer

M Gourley

Resigned 19 September 2012

F Burns

J Taggart

Appointed 22nd May 2012

J Smith

Appointed 22nd May 2012

A Clinch

Appointed 22nd May 2012

E Dollochinn

Appointed 19th September '12

Chief Executive

B Dodds

Company Secretary

J Haugh

Resigned 31st May 2012

B Dodds

Appointed 31st May 2012

Independent auditors

KPMG LLP

191 West George Street, Glasgow. G2 2LJ

Solicitors

Biggart Baillie

Dalmore House, 310 St Vincent Street, Glasgow. G2 5QR

Bankers

Clydesdale Bank

43 Hamilton Road, Motherwell. ML1 3DD

North Lanarkshire Leisure Ltd

Structure, Governance and Management

Company structure

The purpose of North Lanarkshire Leisure Ltd (NLL) is to deliver sport, recreational and health improving welfare services to the community of North Lanarkshire. NLL is responsible for the management and operation of the following facilities and activities in North Lanarkshire:

- 8 pools
- 12 sport & leisure centres
- 2 golf courses
- 1 driving range
- 2 outdoor sports facilities
- 66 sports pitch pavilions
- 7 shared pavilions
- 10 third generation pitches
- 160 sports pitches
- 1 Football Stadium
- "Access NL" membership scheme
- Kids NL and Active8 gyms
- Sports Development & Inclusion
- Community Fitness
- Fitness Motivators in Schools
- Catering and hospitality services within the facilities
- Golf course grounds maintenance

NLL is a not for profit organisation, limited by guarantee, which requires that any surpluses generated are reinvested in improving facilities and services provided to the community of North Lanarkshire

Company mission statement

NLL's vision is to provide exceptional customer service and value for money experience through the provision of a range of high quality sport, recreational and health improving activities.

North Lanarkshire Leisure Ltd

North Lanarkshire Leisure's Strapline is

No limits.....to your Health, Fitness, Sport and Leisure

Directors

NLL has 11 Directors, comprising the following:

- 6 Partner Directors – elected members of North Lanarkshire Council
- 5 Independent Directors – representative of the local community and/or with skills and experience to contribute to the Board of Directors, including (but not limited to) community representatives, sports representatives, facility users/customers, academic representatives and members of the business community.
- 1 Trades Unions Director
- 1 Employee Director

Induction and training of Directors

New directors receive legal guidance on their duties and responsibilities as a Director of the Company under charity and company law and copies of the Company's Memorandum and Articles of Association. In addition, Directors are given an overview of NLL's most recent annual report, current Business Plan and future development plans by the Chief Executive and Chair of the Company.

The Directors also receive advice on factors affecting their duties and responsibilities through legal representation at General Meetings.

Organisational structure

The Board meets 6 times a year with senior management representatives to consider the NLL business. Decisions are taken to set the overall strategy for the business as well as to monitor its activities, with employee disciplinary appeals and health & safety issues being referred to sub-committees for decision on behalf of the Company.

The Board has appointed a Chief Executive to manage the day to day operations of NLL through an approved scheme of delegation.

Related Parties

NLL works in close partnership with North Lanarkshire Council to ensure the highest possible service is offered to residents and visitors to the area with the resources available. These close links ensure that the vision and strategy of North Lanarkshire Leisure contained in the Business Plan is closely aligned and integral with the strategic aims of the Council and the Scottish Government. A contract is in place between NLC and NLL to maintain this client relationship.

North Lanarkshire Leisure Ltd

Risk management

NLL has a risk management policy that 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 the NLL's achievement of the charitable objectives. The resultant actions required to mitigate these risks is then considered and prioritised in light of the NLL's exposure. The top 4 risks detailed in this are as follows:

- **Reduction in Management fee from NLC.**
- **Inability to gain access to sufficient capital to maintain and grow services.**
- **3rd Party Support failure in relation to IT Services provided by NLC.**
- **3rd Party Support failure in particular in relation to services provided by Gladstone MRM**

NLL has a dedicated post of Health & Safety Manager to oversee this major area of risk to the organisation. Activity in the area of risk mitigation has focussed on Critical Incident and Business Continuity issues with awareness sessions and workshops being delivered to senior managers.

Objectives and activities

The charitable objectives as recognised by the Office of the Scottish Charity Regulator under the Charity and Trustee Investment (Scotland) Act 2005, are:

- the advancement of health
- the advancement of public participation in sport
- the provision of recreational facilities or the organisation of recreational activities with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended

These are achieved through the following strategic objectives:

1. To increase participation and improve performance in sport
2. To increase visitor numbers
3. To attract more visitors from disadvantaged groups
4. To improve the service quality and the customer satisfaction rating
5. To even out demand for the facilities by increasing off peak usage
6. To improve awareness of the North Lanarkshire Leisure Limited products and services
7. To maximise revenue, while reducing costs and reinvesting surpluses in the company
8. To raise the profile of sport and leisure services and build North Lanarkshire Leisure's brand and sub brands

North Lanarkshire Leisure Ltd

Strategies adopted to achieve objectives

- Ensuring continued growth through the provision of market led services that increase participation and activity levels, which in-turn increase resources available for investment within the service
- Strengthening the North Lanarkshire Leisure Ltd identity through the creation of a focussed corporate branding and communication strategy
- Continued expansion and enhancement of the facilities and services provided, including Access NL and the successful group fitness and Body Training System programme
- Roll out of the Quest and Leisure Safe development programme to further sites and their in house equivalents
- Continued investment in the Catering function within the Company and implementation of service improvements
- Securing additional external funding to further enhance the sport inclusion programme initiatives including: the Saturday Night Sports scene activities programme; the continuation of free School's Holiday Programme to complement the Free Swims initiative for school children during the Easter, Summer and October week breaks; festivals of fun; Sports Zones outreach programme and get into coaching.
- Continued investment in staff training and development through, increased course availability and activity and investment in cultural change programme - "Value the Person"
- Continuation of the cross-party working group with North Lanarkshire Council to develop a Sports Strategy for the local authority boundary.

Public Benefit Test

North Lanarkshire Leisure was created following a Best Value Review carried out by North Lanarkshire Council during 2005. The review indicated that delivery via a social enterprise, such as NLL, would provide a much more efficient, effective and customer focussed service. During 2008, a review of the outcomes achieved by NLL was carried out, which clearly showed that the Company was delivering and exceeding expectations in all key areas identified. The performance to date has resulted in an increase **of over 1 million user sessions each year**, over **26,000 active members** of AccessNL, significant income growth and increased investment in quality facilities and services. We have delivered what was intended: **more people, more active, more often.**

We have never before been able to quantify the full impact NLL has on the local community. However, through an exercise undertaken in 2010 in partnership with Baker Tilly's social impact specialists, NLL has been able to measure both its economic and social impact. This has shown that NLL contributes £41m a year back into the community - more than double the total income of the charity or 4 times the level of public funding it receives. This can be attributed to key areas such as:

- Demonstrable savings to the NHS and wider economy of £26m
- Savings in excess of £4m (including police and fire) through the delivery of diversionary sport & recreation programs that promote inclusion and community engagement
- Savings to the local economy through the provision of quality products and services at value for money prices of £2.5m

North Lanarkshire Leisure Ltd

Achievements and performance

Audit Scotland published a paper entitled 'Physical Recreation Services in Local Government' in October 2010 on behalf of the Accounts Commission. This report highlights the performance reporting arrangements designed and implemented by NL Leisure for performance reporting of its performance to the Council as representing good practice for Arms Length External Organisations (ALEOs). The report states "The Council has clear performance-reporting arrangements in place for its two leisure trusts". The paper also identifies the contents of the quarterly performance monitoring report submitted to the Council's Learning & Leisure Services committee and refers to the Single Outcome Agreement (SOA) which has been developed in partnership with Learning & Leisure Services, as examples of good practice.

Key performance indicators

NLL has an internal performance monitoring framework in place that reviews all relevant performance and key indicators on a period basis. The performance management system is continually developed and refined.

The performance of the NLL is monitored through a series of indicators. These indicators have been measured and monitored by the NLL since 16th September 2006 and demonstrate the continued improvement in both customer income and attendance figures across the facilities operated and managed by NLL.

NLL took over the management and operation of Broadwood Stadium in Cumbernauld on 21st September 2009 and Ravensraig Regional Sports Facility on 30th September 2010. The indicators therefore include performance information relating to these sites from the date of transfer.

The Time Capsule Monklands Trust Limited has been dissolved with the Time Capsule transferring to NLL with the first day of trading under NLL being the 29th April 2011.

This is a continuation of the long term strategy of NLC, identified through the 2004/2005 best value review and prior to this as part of various sport strategies and identified in NLL's Business Plans and single outcome agreement of working towards **a single service provider** for sport and leisure in North Lanarkshire. With the former Broadwood Stadium Company Limited and the new sports facility at the site, Ravensraig Regional Sports Facility and now the Time Capsule this completes this long-term goal and will help to ensure a degree of consistency in quality service provision, pricing, marketing, promotions, public relations and programming moving forward that was not possible to achieve under the former fragmented, multi-company arrangements.

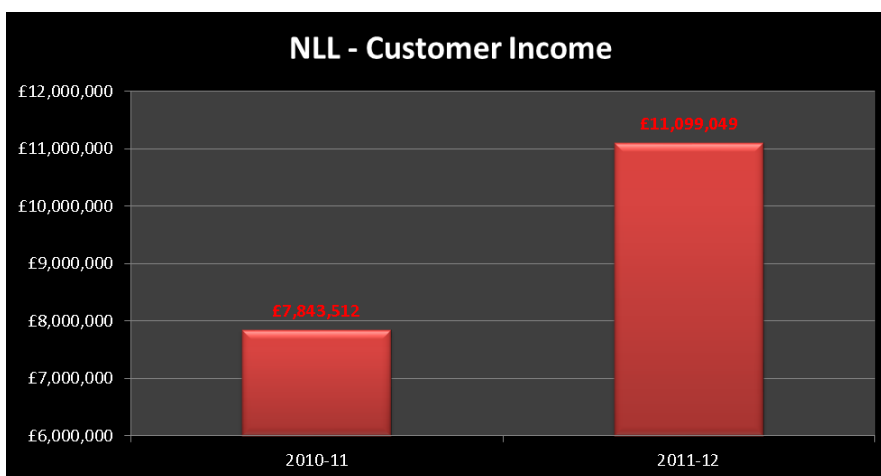
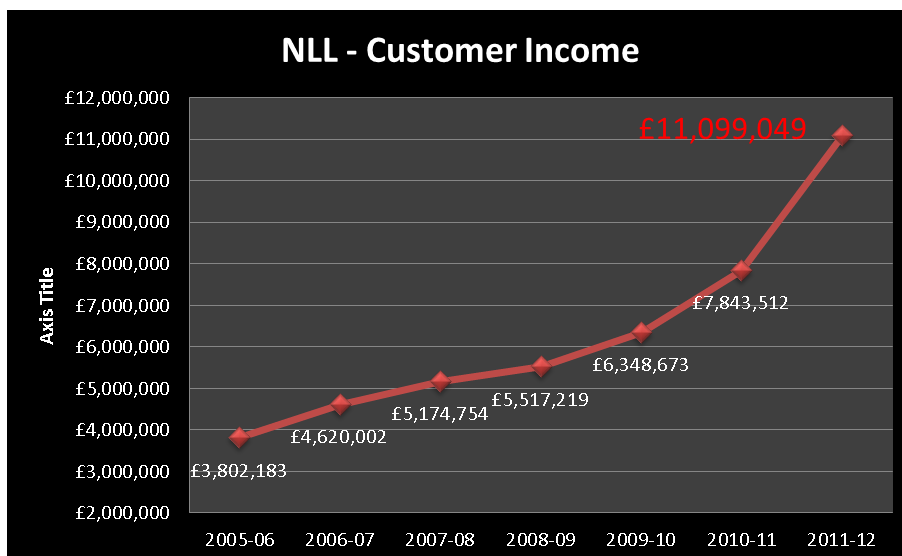
The performance monitoring framework has been amended accordingly to include the relevant statistics for the Time Capsule. It should be noted that the Statutory Performance Indicators always included the SPI information for the Time Capsule and has always been reported as a single figure for Pools and Indoor Sports in accordance with Audit Scotlands' reporting requirements. This report has been altered to include the income and usage statistics, customer feedback, sickness absence, quest, leisure safe and service update information for the Time Capsule.

Note: the figures for 2006/07 combine both the North Lanarkshire Council figures to 15th September 2006 and North Lanarkshire Leisure figures from 16th September 2006.

North Lanarkshire Leisure Ltd

Performance - Customer Income

The figures in the following graph demonstrate an overall 41.51% increase in income, equivalent to £3,255,537. The income growth since 2005/06 is shown in the graph below, with more detail provided in the subsequent graph for the past two years.

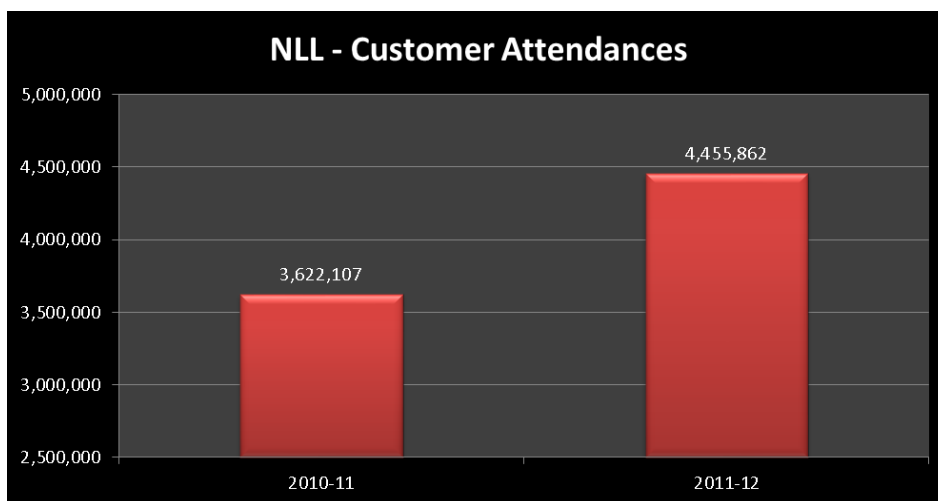
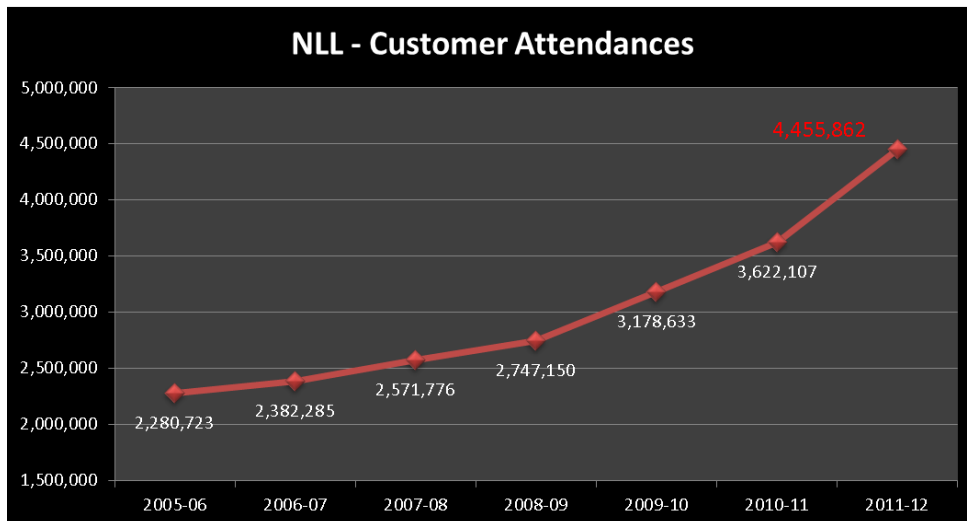


The significant increase in income demonstrates a healthy pattern of growth, particularly at the larger sites following significant investment and the development of strategies, which are delivering results. For outdoor facilities, the investment in golf facilities is beginning to show major improvements during 2011/12 with very encouraging feedback received from golfers using the facilities since the appointment of the dedicated Golf Manager and course maintenance team.

North Lanarkshire Leisure Ltd

Performance - Customer Attendances

This year saw a favourable movement in user figures also, increasing by 833,755, equivalent to 23.02%. The growth in attendances since 2005/06 is shown in the graph below, and shown in more detail in the subsequent graph over the past two years.



North Lanarkshire Leisure Ltd

Access NL Membership

The Access NL membership continues to grow and remains the company's 'flagship' product maintaining the premier position as the most successful membership scheme of its type in Scotland and amongst the most successful in the UK.

Access NL income has shown an increase of 27% over the previous year, growing to £5.2m. The membership base also shows a healthy pattern of growth of 26.32%, with 33,155 members at 31st March 2012.

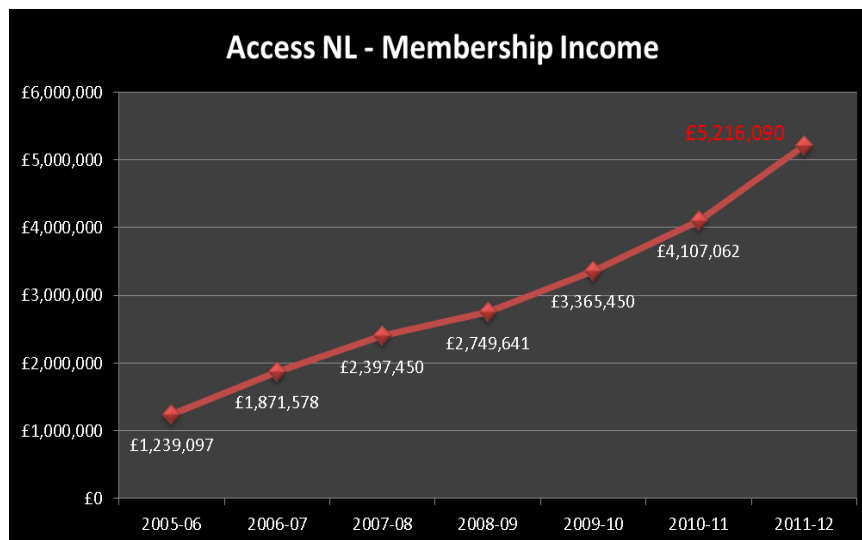
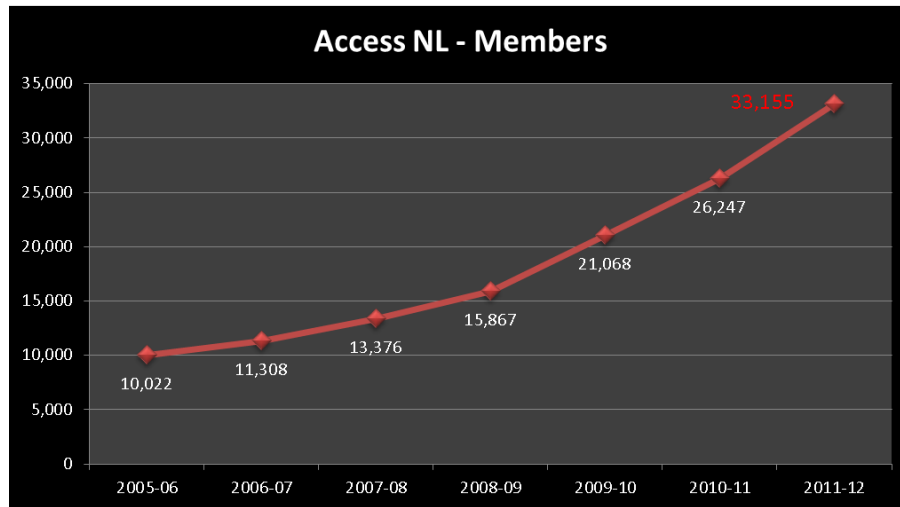
Access NL rewards regular participation, which accords with the national strategies for sport and physical activity.

NLL continued to sponsor the 'Study Leave' initiative by providing free Access NL membership to all S4, S5 & S6 pupils during the study leave period in the lead up to their exams, with discounted membership available thereafter. This initiative endorses the 'healthy body, healthy mind' approach and striking a balance between revision and relaxation during what is an intense and emotional study period for these young students, and this scheme has been well received by pupils, parents and teaching staff.

The strategy of Access NL will continue to be important in driving performance in these financially challenging times, where customers continue to have an increasing choice in where to use their leisure spend with the value of that discretionary spend being systematically squeezed as household budgets are stretched for essential core daily living expenditure. Under these circumstances, the commitment and dedication of NLL staff in providing excellent, customer focussed services at all levels continues to be of paramount importance in securing the current levels of service provision.

However given the success, many of the gyms can be close to capacity at peak times, in addition to car parking issues, and therefore continued growth may be constrained by the existing levels of supply.

North Lanarkshire Leisure Ltd



North Lanarkshire Leisure Ltd

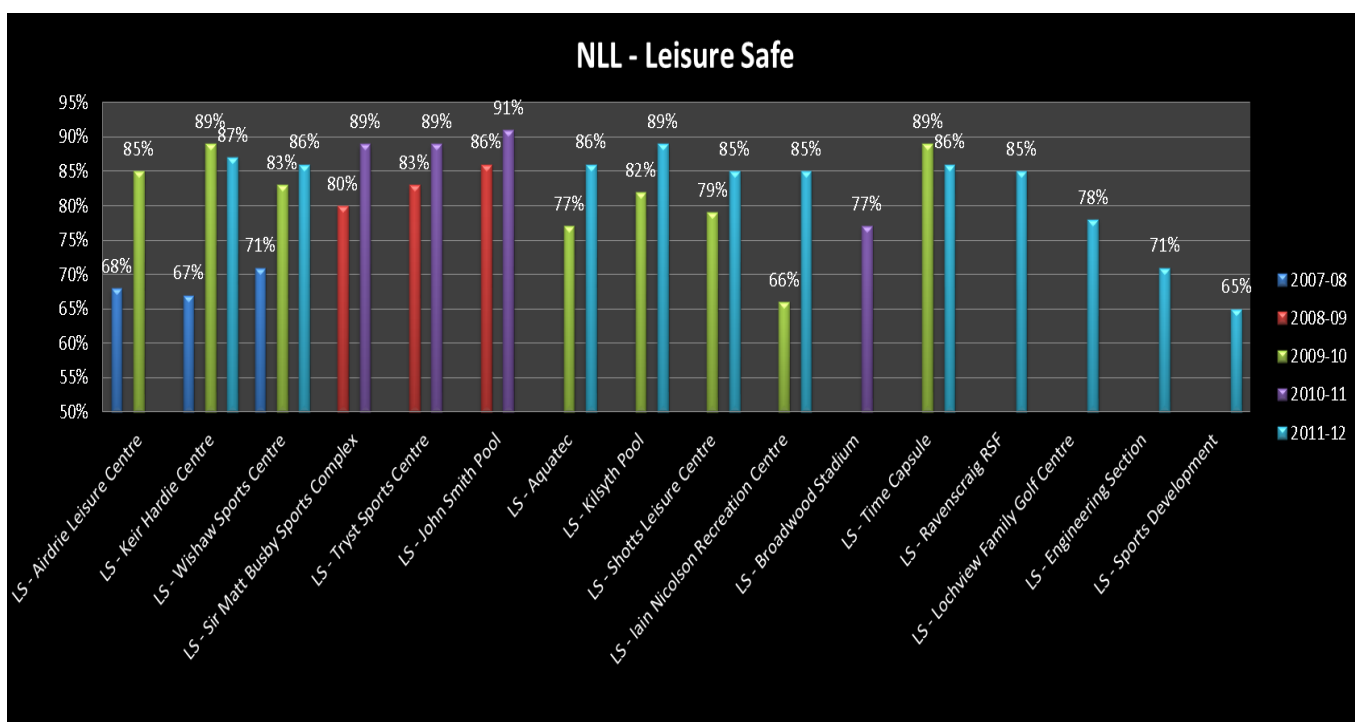
Quality

The quality of service remains of paramount importance to North Lanarkshire Leisure and our customers, partners and staff. NLL aims for continuous improvement to ensure that we are delivering best value services. NLL is independently assessed by leisure professionals who gauge the service against the highest possible industry standards and best practice. NLL has put in place an robust and rigorous 'in-house' quality inspection and customer journey system which is audited through independent mystery shopping undertaken by existing NLL customers.

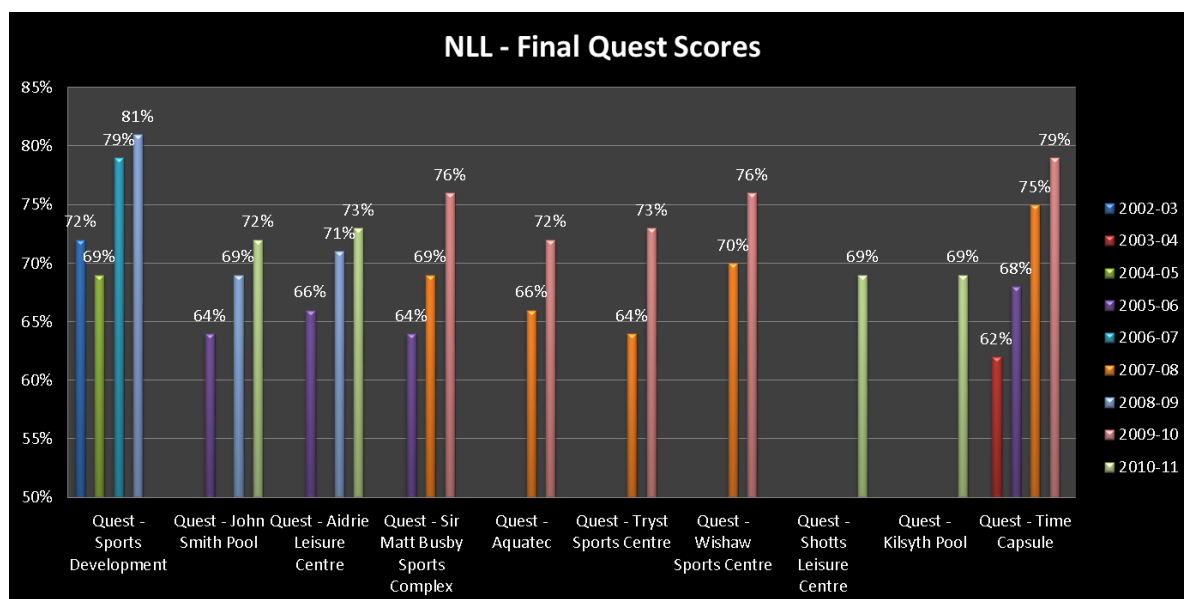
Leisure Safe

The Leisure safe Accreditation Scheme offers an independent, comprehensive and leisure specific audit of NLL's arrangements for managing health and safety. It provides a means of measuring levels of compliance with legislation, regulation and best practice and also allows us to benchmark our operations against other similar leisure providers on a national basis. During 2011/12, several facilities and services were audited, and reaccredited with the results shown in the following graph.

Given the nature of the service, health and safety remains of paramount importance and these scores reflect a considerable investment of time, effort and resources at all levels into health and safety policy, strategy. The audit and external inspection process continues to demonstrate the company's on-going commitment to the health, safety and welfare of customers and staff.

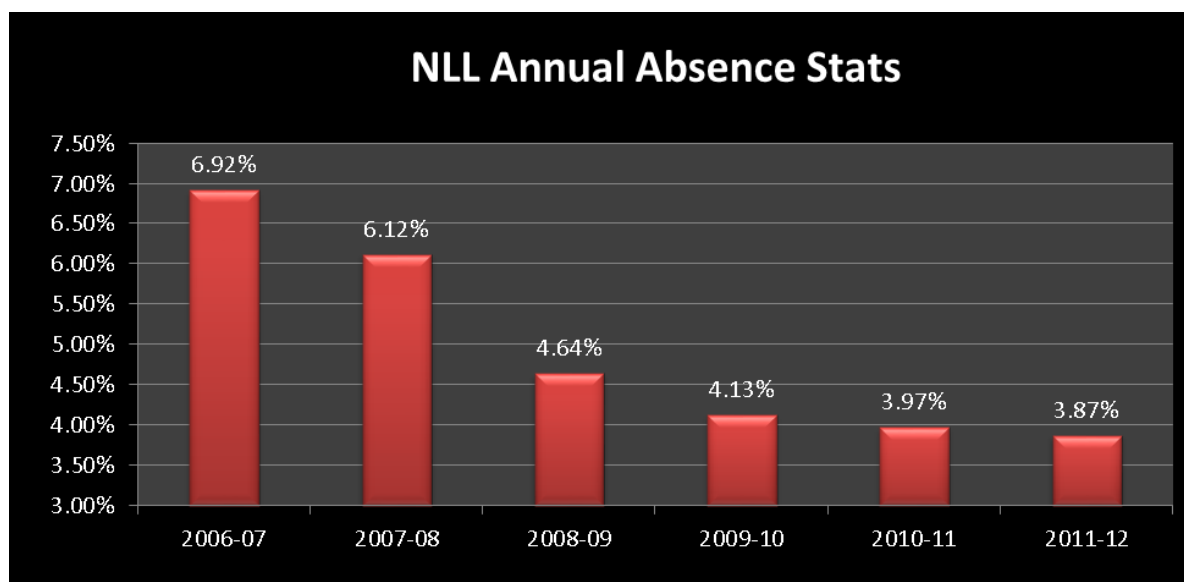


North Lanarkshire Leisure Ltd



NLL Sickness Absence Levels

The company has a pro-active absence management policy via management that has reduced sickness absence levels considerably since North Lanarkshire Leisure was formed. This leads to a reduction in the overall operating costs of providing the facilities and services. The downward trend is shown in the graph below. The sickness absence figure for 2011/12 was 3.87%, reducing from 6.92% in 2006/07.



North Lanarkshire Leisure Ltd

Review of the Year

NLL has introduced several service, facility, operational and programme improvements, including:

Facility improvements, repairs and maintenance

- Transfer of the Time Capsule to NLL, with the first day of trading being 29th April 2011.
- Following a £440,000 investment, half of the 10 badminton court sports hall at Airdrie Leisure Centre was converted into NLL's largest and most state of the art fitness facility to date two large dedicated dance and spin studios.
- Logan's Road Football Pavilion major pitch improvement works.
- At Wishaw Sports Centre both squash court floor were refurbished, sanded and relined.
- New 'Ultimate Fitness Area' established at Ravenscraig Regional Sports Facility .
- Sir Matt Busby Sports Centre swimming pool reopened in February 2012 following the pool and changing area refurbishment.
- Development of Kirkwood Sports Barn sports hall to indoor 3G pitch and refurbishment of multi-purpose room to permanent dojo, conversion of upstairs offices to party room / viewing gallery and extension of upstairs dojo.
- Removal of internal wall within Coatbridge Outdoor Centre gym to give fully open plan gym.
- Complete swimming pool changing area and ground floor dry toilets refurbished, new Junkers main sports hall floor and court dividing curtains installed at Wishaw Sports Centre.
- Upgrade to health suite at Sir Matt Busby Sports Complex.
- Upgraded the old Activ8 Studio in the Tryst Sports Centre into a Multi-Functional Training room which will accommodate children and adult classes such as circuit training, boxing, skipping and low impact fitness classes.
- Lochview Family Golf Centre and Academy opened weekend on 21st and 22nd May 2011 following completion of the new clubhouse facilities with Phase 2 of the redevelopment completed later in the year with major improvements works to the golf driving range and course.

NLL continues its commitment to provide quality, value for money services through a planned approach to Asset Management. The 18 facilities operated by NLL vary in age and condition and in order to ensure continued service delivery, NLL have directed resources to maintenance, repairs and improvements.

Maintenance and investment in swimming pool plant and filtration systems throughout North Lanarkshire has also been delivered to help maintain water safety and water quality levels.

Policies, Procedures, IT developments and Reviews

- On line booking facilities are proving very popular amongst group fitness class users and Wishaw Sports Centre now has 'wi-fi' provision for customer and event use
- A centralised booking system so that synthetic pitches can be booked from a number of locations
- NLL produced a new website through a new provider

NLL has developed a range of procedures during the year including: in-house service improvement programme, individual facility business plans, 3 year corporate business plan, 10 year financial plan, single outcome agreement and revised administration and finance procedures.

North Lanarkshire Leisure Ltd

Customer Service Improvements

- A digital signage system was also installed at larger sites to aid marketing and communication with customers and promotion of activities and events across the sites.
- A dedicated community transport bus provided in partnership with Strathclyde Passenger Transport and Shotts Getting Better Together is providing a scheduled bus service to Ravenscraig Regional Sports Facility which began on 13th July 2011. This transport link will initially be provided free to ensure that local communities can easily access the facility.
- NLL Soccer Schools have been expanded to include the Time Capsule and The Tryst Sports Centre, making 7 in total now
- Introduction of a new 'Triathlon' training initiative culminating in a successful event being delivered between Wishaw Sports Facility and Ravenscraig Regional Sports Facility'. In helping deliver this two employees became qualified in a level one course in this field.
- Golf4life joint project with Sidekix commenced in January 2012, funded by NHS Lanarkshire.
- New Inflatable 'Aqua-Run' introduced for family fun sessions at Wishaw Sports Centre.
- A new swimming pool programme was introduced on 4th January 2012 at Wishaw and Tryst Sports Centres, introducing specific sessions suitable for distinct user groups and increasing capacity for the learn to swim programme. New programme is also designed to help deliver required efficiency savings.
- The Keir Hardie Friday Night Project funded by the Alcohol and Drugs Prevention team continues to go from strength to strength with a 50% reduction in anti-social behaviour. The project has been so successful that the ADPT have now extended it to Birkenshaw Sports Hall, Kirkwood Sports Barn and Calder Community Centre.

Sports, Strategy & Events

- North and South Lanarkshire Councils and Leisure Trusts hosted the 45th International Children's Games with around 1400 young athletes from 33 countries representing 77 world wide cities coming to Scotland to participate in the games. North Lanarkshire Leisure hosted 3 of the 9 sports, with the badminton and judo at Ravenscraig Regional Sports Facility and volleyball at Wishaw Sports Centre . Torsten Rasch, the President of the ICG Executive Committee said 'Lanarkshire had hosted the best ICG ever'
- On 13th & 14th August, Wishaw Sport Centre was again the venue for the 'Wishaw Games' tournament, which is known as the top multi-sports competition for people with physical and learning disabilities in Scotland.
- The Scottish Inter-Regional Championships and Stewarts Golden League Series were held at Wishaw Sports Centre on Saturday 27th and Sunday 28th August 2011.
- The annual Cumbernauld 10k took place on Sunday 11th September at Broadwood Stadium with 474 people taking part in the race. Also included was a 3K race with 74 Secondary School pupils and 1K race with 190 Primary School pupils taking part with excellent feedback being received from all who participated.
- Once again working in partnership with the Scottish Association of Local Sports Councils (SALSC) and the Danish Gymnastics Institute (DGI), NLL hosted a group of senior Danish Badminton Players from the DGI for a friendly competition and social event on the 7th September 2011 at Ravenscraig Regional Sports Facility
- clubsportnl operated another successful half marathon 5k and 1k
- Scotland v France Under 15 Girls Football international match at Ravenscraig on the 14th September 2011

North Lanarkshire Leisure Ltd

- With the continued support of North Lanarkshire Council and North Lanarkshire Leisure in partnership with Scottish Athletics and Cumbernauld Athletics Club, the National Cross Country Relay Championships returned to Cumbernauld Park on Saturday 22nd October.
- Around 1,400 young people from across North Lanarkshire participating in Saturday night programmes enjoyed an evening of sports and cultural activities at Ravenscraig Regional Sports Facility on Saturday 1st October for the "Games Legacy for Scotland – BIG BASH".
- The north Lanarkshire Schools Swimming Championships was hosted by NL Leisure on Wednesday 2 November 2011 at the Tryst Sports Centre. This year 54 schools participated with 204 children from 10 – 18 years taking part (118 girls, 86 boys).
- To celebrate the reopening of Sir Matts refurbished swimming pool, the North Lanarkshire Swim Team hosted a Time Trials event for all 4 constituent clubs, namely, Motherwell & Wishaw ASC, Airdrie Monklands ASC, Cumbernauld SC and Bellshill Sharks ASC. The event showcased the new Omega Timing system and Starting Block and allowed 265 children ranging from 6 – 15yrs to compete and many for the very first time.
- Ravenscraig Regional Sports Facility "Access" event was held for local primary schools on 16th, 17th, 23rd and 24th February 2012 with around 1,500 pupils attending.
- The Time Capsule hosted the World Waterparks Association international conference and symposium in February 2012

Staff & Training Improvements

NLL's Future Job Fund programme in partnership with NLC's Regeneration Services has now come to an end. The feedback has been that this was the most successful programme, with the highest retention rate of FJF staff being offered a further contract, with 32% of all staff going onto employment out with NLL, 18% of all staff were offered further contract with NLL, 9% of all staff were accepted onto the 2nd chance apprenticeship scheme through North Lanarkshire Leisure and 2% went onto further education.

- A mentoring course was delivered to specific individuals to support the school work experience programme which continues to grow and develop.
- Deaf awareness training was also delivered to the Swim Teacher team to support the integration of this group into the Learn to Swim scheme.
- Demonstrating our commitment to assisting the volunteer in education, a UKCC Level 2 Coaching Swimming Course was organised for the coaches of North Lanarkshire to attend and up-skill their practical and theoretical knowledge. Currently 7 of club coaches are undertaking this opportunity.
- "clubsportnl" Sports Summit held at Ravenscraig Regional Sports Facility on the 21st & 22nd January 2012 bringing an bespoke education programme and certificated classes to the voluntary sector for sport.
- 4 members of the Sports Development team undertook PCS (Positive Coaching Scotland) tutor training.
- Increased the Number of Swimming Teacher posts at the Tryst from 3 to 5 members of staff within the Tryst Sports Centre.

North Lanarkshire Leisure Ltd

Disabled Employees

NLL gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the NLL's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee Involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Health & Safety

Health & Safety remains a critical area of the business and the company continued to invest in safety audits, inspections and training.

Governance, NLL Structure and Audit Arrangements

- New Directors were appointed following the elections
- Votes for employee representative
- Planning day undertaken with the Board of Directors

NLL continues to review governance arrangements across the business, particularly when new facilities are added. 2011/12 saw the first full years trading of Ravenscraig Regional Sports Facility in the NLL portfolio. This represents another significant achievement in NLL's growth and development.

External Recognition and Awards

- Both the Time Capsule and Ravenscraig have received Visit Scotland's four star grading's in the visitor attractions category for the level of presentation and high standards shown to visitors with the four stars taking both facilities into the excellent categories of the 5 star grading system.
- CBBC filmed the 'Ultimate Sports Day' at Ravenscraig Regional Sports Facility with young people from throughout the UK home countries participating in a mini Olympics sporting competition mentored by some of the UK's best known sporting heroes.
- Clubsportnl and NLL were named the 'Partnership of the Year' at the Scottish Association of Local Sports Council's annual conference on 24th & 25th March 2012
- The Time Capsule has been voted 'Best Leisure Centre' in Glasgow and the West of Scotland for 2011 in the Primary Times 'Star Awards'. The Primary Times is the 15th most popular magazine out of the UK's 8,000 published magazines. In Glasgow and the West of Scotland it is distributed to 60,000 families through 215 primary schools with this being award being chosen by the magazine's readers.
- Final year (2011) of North Lanarkshire Leisure's European City of Sport Award.

North Lanarkshire Leisure Ltd

North Lanarkshire continued to celebrate and market being awarded the European City of Sport for 2011, in recognition of the significant investment and improvements that have been made in facilities, programmes and activities across the communities.

Financial Review

NLL generates income from a range of sources including entry fees to the facilities, catering and merchandising. It also receives an annual management fee from North Lanarkshire Council, which in 2011/12 amounted to £10,944,322. Unrestricted income excluding management fee amounted to £10,743,255 during the year which is a 37% increase on 2010/11 and in part is due to the merger of the Time Capsule into NLL. Any surplus income generated is reinvested in improving facilities and services for the people using the facilities operated by the company or to deliver savings in the NLC Management Fee. In 2011/12 the surplus is £598,960.

The Board of Directors are satisfied with the financial performance of the company during 2011/12.

Investment Policy

NLL has the power under its Memorandum and Articles of Association to invest and deal with the funds and monies of the Company not immediately required for its purposes in, or upon, such investments, securities or property as may be thought fit, subject to any changes to conditions or consents required by law.

Reserves Policy

The Directors have forecast the level of general unrestricted reserves NLL will require in order to sustain its operations over a period if it were to experience a temporary curtailment of some or all of its operations.

Following an assessment of the financial risks of the Company, the Directors consider the most appropriate level of unrestricted general reserves to be no more than £2,300,000 equivalent to 10% of gross expenditure.

The Board have also agreed to establish a Designated Fund for the purpose of future reinvestment in the assets and infrastructure of NLL. An amount of £200,000 per annum has been identified for inclusion in this fund.

The actual reserves at 31 March 2012 were £1,593,145 comprising the following:

restricted funds	£358,645
unrestricted general fund	£2,121,929
designated fund – assets & infrastructure	£763,000
designated funds – operational commitments	£277,573
pension fund asset as required by FRS17	£(1,928,000)

The Directors' believe that it is prudent to ensure that there are sufficient unrestricted reserves to provide flexibility over the course of the future development areas. To this end, the level of reserves will continue to be reviewed annually.

North Lanarkshire Leisure Ltd

Future Developments, Plans and Challenges

NLL has developed a Business Plan for the period 2011 – 2014, which has been approved by the Board of Directors and North Lanarkshire Council within which a number of key future developments have been identified and are presently being developed.

One key strategy is to deliver efficiencies and take cognisance of the continued challenging economic climate and potential reduction in the Scottish Local Government settlements in the short to medium term with a view to mitigating the potential service impact this may have.

The Company's strategy to deliver quality, accessible and value for money services and products has clearly been a success. However, future years trading will be challenging within the context of significant reductions in the public sector funding.

Whilst there has been significant growth in customer numbers and income, there has been and may continue to be an increase in reductions in income via the public sector contracts.

North Lanarkshire Leisure Ltd

Directors' responsibilities in respect of the accounts

The directors are responsible for preparing the accounts in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the company and the group and of their incoming resources and application of resources, including their income and expenditure for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure of information to the auditor

The directors who held 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 are 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 ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Auditor

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

J. Logue
Chair
Date:

North Lanarkshire Leisure Ltd

Independent auditors' report to the directors and members of North Lanarkshire Leisure Ltd

We have audited the financial statements of North Lanarkshire Leisure Limited for the year ended 31 March 2012 set out on pages [30] to [46]. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page [28], the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 regulations made under those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

North Lanarkshire Leisure Ltd

Matters on which we are required to report by exception

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:

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

DJ Watt (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

191 West George Street

Glasgow

G2 2LJ

[Date]

North Lanarkshire Leisure Ltd

Consolidated Statement of financial activities for the year ended 31 March 2012 (incorporating the income and expenditure account)

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Totals 2012 £	Period to March 2011 £
Incoming resources					
Incoming resources from generated funds					
Activities for generating funds:					
Catering		1,318,203	-	1,318,203	905,164
Rental income		154,945	-	154,945	114,890
Merchandising		355,184	-	355,184	254,445
Investment income	2	213,667	-	213,667	46,085
<i>Total incoming resources from generated funds</i>		2,041,999	-	2,041,999	1,320,584
Incoming resources from charitable activities					
Advancement of health, education and sport	3	21,687,577	1,046,071	22,733,648	19,073,051
Total incoming resources		23,729,576	1,046,071	24,775,647	20,393,635
Resources expended					
Cost of generating funds:					
Catering		1,360,617	-	1,360,617	943,297
Merchandising		61,196	-	61,196	49,220
<i>Total costs of generating funds</i>	5	1,421,813	-	1,421,813	992,517
Charitable activities					
Advancement of health, education and sport	7	21,501,558	836,144	22,337,702	17,003,633
Governance costs	8	207,245	-	207,245	208,528
Total resources expended		23,130,616	836,144	23,966,759	18,204,678
Net movement in funds and net income for the year		598,960	209,927	808,887	2,188,957
Actuarial (loss)/gain on defined benefit pension scheme		(391,000)	-	(391,000)	3,177,000
Transfer between funds					-
Net movement in funds		207,960	209,927	417,887	5,365,957
Fund balances brought forward at 1 April 2011	16	1,026,542	148,718	1,175,260	(4,190,697)
Total funds carried forward at 31 March 2012		1,234,502	358,645	1,593,147	1,175,260

All items dealt with in arriving at the net results relate to continuing operations.

There is no difference between the net results and their historical cost equivalents.

North Lanarkshire Leisure Ltd

Company Statement of financial activities for the year ended 31 March 2012 (incorporating the income and expenditure account)

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Totals 2012 £	Period to March 2011 £
Incoming resources					
Incoming resources from generated funds					
Activities for generating funds:					
Catering		1,173,021	-	1,173,021	739,660
Rental income		150,697	-	150,697	114,890
Merchandising		345,552	-	345,552	254,445
Investment income	2	213,667	-	213,667	46,085
<i>Total incoming resources from generated funds</i>		1,882,937	-	1,882,937	1,155,080
Incoming resources from charitable activities					
Advancement of health, education and sport	4	21,785,937	1,046,071	22,832,008	19,163,918
Total incoming resources		23,668,874	1,046,071	24,714,945	20,318,998
Resources expended					
Cost of generating funds:					
Catering		1,299,915	-	1,299,915	868,660
Merchandising		61,196	-	61,196	49,220
<i>Total costs of generating funds</i>	6	1,361,111	-	1,361,111	917,880
Charitable activities					
Advancement of health, education and sport	7	21,501,558	836,144	22,337,702	17,003,633
Governance costs	8	207,245	-	207,245	208,528
Total resources expended		23,069,914	836,144	23,906,058	18,130,041
Net movement in funds and net income for the year		598,960	209,927	808,887	2,188,957
Actuarial (loss)/gain on defined benefit pension scheme		(391,000)	-	(391,000)	3,177,000
Transfer between funds		-	-	-	-
Net movement in funds		207,960	209,927	417,887	5,365,957
Fund balances brought forward at 1 April 2011	16	1,026,542	148,718	1,175,260	(4,190,697)
Total funds carried forward at 31 March 2012		1,234,502	358,645	1,593,147	1,175,260

All items dealt with in arriving at the net results relate to continuing operations.

There is no difference between the net results and their historical cost equivalents.

North Lanarkshire Leisure Ltd

Consolidated Balance sheet as at 31 March 2012

		2012	2012	2011	2011
	Note	£	£	£	£
Fixed assets					
Tangible assets	14		1,517,058		931,565
Current assets					
Stocks	11	56,477		93,320	
Debtors	12	664,356		747,171	
Cash at bank and in hand		5,478,156		5,012,612	
		6,198,989		5,853,103	
Current liabilities					
Creditors (amounts falling due within one year)	13	(4,194,900)		(3,793,408)	
Net current assets					
			2,004,089		2,059,695
Net assets excluding pension fund (liability)					
			3,521,147		2,991,260
Pension fund (liability)	21	(1,928,000)		(1,816,000)	
Net assets			1,593,147		1,175,260
Funds					
Restricted funds	15		358,645		148,718
Unrestricted funds	16				
Designated fund - assets & infrastructure		763,000		678,000	
Designated fund – operational commitments		277,573		216,585	
General fund		2,121,929		1,947,957	
Unrestricted funds excluding pension reserve		3,162,502		2,842,542	
Pension reserve	21	(1,928,000)		(1,816,000)	
Total unrestricted funds			1,234,502		1,026,542
Total funds					
	17		1,593,147		1,175,260

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

J. Logue
Chair
Date:

North Lanarkshire Leisure Ltd

Company Balance sheet as at 31 March 2012

		2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	14		1,517,058		931,565
Investments	10		100		100
Current assets					
Stocks	11	51,631		83,448	
Debtors	12	746,881		822,991	
Cash at bank and in hand		5,382,873		4,920,825	
		6,181,385		5,827,264	
Current liabilities					
Creditors (amounts falling due within one year)	13	(4,177,396)		(3,767,669)	
Net current assets					
			2,003,989		2,059,595
Net assets excluding pension fund (liability)					
			3,521,147		2,991,260
Pension fund (liability)	21		(1,928,000)		(1,816,000)
Net assets			1,593,147		1,175,260
Funds					
Restricted funds	15		358,645		148,718
Unrestricted funds	16				
Designated fund - assets & infrastructure		763,000		678,000	
Designated fund – operational commitments		277,573		216,585	
General fund		2,121,929		1,947,957	
Unrestricted funds excluding pension reserve		3,162,502		2,842,542	
Pension reserve	21	(1,928,000)		(1,816,000)	
Total unrestricted funds			1,234,502		1,026,542
Total funds	17		1,593,147		1,175,260

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

J. Logue
Chair
Date:

North Lanarkshire Leisure Ltd

Consolidated Cash flow statement for the year ended 31 March 2012

	Note	2012	2011
		£	£
Net cash inflow from operating activities	19	1,430,394	1,650,520
Returns on investments and servicing of finance			
Interest received		56,667	46,085
Interest paid			-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,031,148)	(467,309)
Increase in cash in the year		455,913	1,229,296

North Lanarkshire Leisure Ltd

Notes

(forming part of the financial statements)

1. Accounting policies

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 are set out to comply with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) approved by the Accounting Standards Board and the Companies Act 2006.

The charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities.

The financial statements consolidate the results of the charity and its wholly owned subsidiary North Lanarkshire Leisure Trading CIC on a line by line basis.

Going Concern

The accounts are prepared on a going concern basis. NLL has received notification from North Lanarkshire Council ("the Council") that it has exercised its right under clause 16A.1 of the funding agreement to extend the agreement until such point as a long-term partnership agreement is put in place. Furthermore, the Council has approved efficiency savings of £1.5m from the NLL Management Fee for the period 2011/12 to 2013/14. The preparation of the accounts on a going concern basis presupposes that the annual management fee is agreed with the Council for the period from 1 April, 2012 to 31 March, 2014, which ensures the continued financial viability of the company. The directors are satisfied therefore that a going concern basis is appropriate.

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 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 for a particular purpose. NLL has created a designated fund to support the company's investment strategy.

Incoming resources

All incoming resources are included in the Statement of Financial Activities in the period in which the company is entitled to receipt. All grants under funding arrangements from local government are included on a receivable basis. Operating income, including membership fees and admission charges for use of facilities and hire of equipment is recognised in the statement of financial activities on an accruals basis.

North Lanarkshire Leisure Ltd

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. 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 company can be defined as either:

- Charitable Activities – these are costs incurred in line with the charitable objectives and include both the direct costs and support costs relating to these activities.
- Costs of Generating Funds – these are costs incurred in activities that raise funds.
- Governance Costs – these costs are the costs incurred in the governance of the charity and relate to a proportion of the Chief Executive and Financial Controller’s salaries and professional fees incurred during the year.

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 to income on a straight-line basis over the lease term.

Pension costs

North Lanarkshire Leisure 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 Company. 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.

As a result of the FRS17 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. 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 North Lanarkshire Leisure 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 £500. 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 – 25 years
Plant & equipment	3 years – 5 years
Furniture & fittings	5 years – 10 years
Computer equipment	3 years – 5 years

North Lanarkshire Leisure Ltd

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 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.

North Lanarkshire Leisure Ltd

2. Investment income – Group and Company

	2012 £	2011 £
Bank and other interest	56,667	46,085
Other investment income – FRS 17	157,000	-
	<u>213,667</u>	<u>46,085</u>

3. Incoming resources from charitable activities – Group

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Totals 2012 £	Totals 2011 £
Income from operating activities	(10,743,255)	-	(10,743,255)	(7,813,619)
Income from contract with North Lanarkshire Council	(10,944,322)	-	(10,944,322)	(10,232,688)
Grant Funding	-	(756,071)	(756,071)	(828,453)
Capital Grant	-	(290,000)	(290,000)	(198,291)
	<u>(21,687,577)</u>	<u>(1,046,071)</u>	<u>(22,733,648)</u>	<u>(19,073,051)</u>

Grant funding includes funding from, Sportscotland, Local Action Fund, Big Lottery and North & South Lanarkshire Councils as detailed in Note 15.

4. Incoming resources from charitable activities –Company

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Totals 2012 £	Totals 2011 £
Income from operating activities	(10,841,615)	-	(10,841,615)	(7,813,619)
Income from contract with North Lanarkshire Council	(10,944,322)	-	(10,944,322)	(10,232,688)
Grant Funding	-	(756,071)	(756,071)	(828,453)
Capital Grant	-	(290,000)	(290,000)	(198,291)
	<u>(21,785,937)</u>	<u>(1,046,071)</u>	<u>(22,832,008)</u>	<u>(18,874,760)</u>

Grant funding includes funding from, Sportscotland, Local Action Fund, Big Lottery and North & South Lanarkshire Councils as detailed in Note 15.

5. Catering & merchandising Costs - Group

	Catering 2012 £	Merchandising 2012 £	Total 2012 £	Total 2011 £
Salaries & wages	639,832	-	639,832	446,388
Property costs	6,311	-	6,311	1,583
Supplies & services	706,025	61,196	767,221	527,764
Other expenditure	8,449	-	8,449	16,782
	<u>1,360,617</u>	<u>61,196</u>	<u>1,421,813</u>	<u>992,517</u>

North Lanarkshire Leisure Ltd

6. Catering & merchandising Costs - Company

	Catering 2012 £	Merchandising 2012 £	Total 2012 £	Total 2011 £
Salaries & wages	639,832	-	639,832	446,388
Property costs	6,311	-	6,311	1,583
Supplies & services	644,385	61,196	705,581	462,965
Other expenditure	9,387	-	9,387	6,944
	1,299,915	61,196	1,361,111	917,880

7. Provision of service – Group and Company

	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Totals 2012 £	Totals 2011 £
Salaries & wages	12,840,165	294,791	13,134,956	11,086,157
Property Costs	3,863,972	7,745	3,871,717	3,263,246
Supplies & services	1,306,477	80,643	1,387,120	981,174
FRS17 Costs	(122,000)	-	(122,000)	(1,465,000)
Other Expenditure	3,612,944	452,965	4,065,909	3,138,056
	21,501,558	836,144	22,337,702	17,003,633

8. Governance costs – Group and Company

	2012 £	2011 £
Allocation of staff and support costs	32,500	32,500
Internal Audit Fees	9,414	9,414
Audit fees		
Audit of these financial statements	12,500	15,600
Audit of financial statements of subsidiary pursuant to legislation	1,500	1,600
Tax Legislation	12,125	6,304
Fees to related entities of Baker Tilly UK Audit LLP	-	17,035
Other professional fees and costs	139,206	135,489
	207,245	217,942

9. Staff numbers and costs

The remuneration and associated costs of the company were:

	2012 £	2011 £
Wages & salaries	11,884,379	9,846,192
Social security costs	690,580	627,716
	12,574,959	10,473,908
Pension costs		
Current Service Cost	1,298,000	1,333,000
Credit in relation to business combination	(107,000)	-
Past Service credit	-	(1,742,000)
	13,765,959	10,064,908

North Lanarkshire Leisure Ltd

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

	2012 Number	2011 Number
£80,000 - £90,000	<u><u>1</u></u>	<u><u>1</u></u>

Other than Trustees Indemnity Insurance only two members of the Board received expenses from North Lanarkshire Leisure in their capacity as Directors. These were in relation to travel costs and parking while attending conferences and meetings on behalf of the company and amounted to £730.80 for one Director and £365.82 for the other (2010/11 £0). Board Directors are eligible for discounted membership of the AccessNL gym membership scheme operated by NLL. 6 directors have taken advantage of this opportunity at no cost to the company.

Two Board members were employed by the Company and received remuneration and pension as employees totalling £60,610 during 2011/12 which is split £19,881 and £40,729 and can be broken down as follows:

	2012 £	2012 £	2011 £	2011 £	2011 £
Salary	4,233	26,047	5,208	26,259	29,178
Overtime	14,098	3,469	3,805	4,032	
Contractual Overtime	-	3,010	-	3,035	
Other Pay Items	-	163	-	365	342
Pension	-	5,521	-	5,269	5,314
National Insurance Contributions	1,550	2,518	1,602	2,514	2,144
Car Allowances	-	-	-	-	942
Total	<u><u>19,881</u></u>	<u><u>40,728</u></u>	<u><u>10,615</u></u>	<u><u>41,474</u></u>	<u><u>37,920</u></u>

The average monthly full-time equivalent number of employees of the company during the period was:

	2012 Number	2011 Number
Administration staff	204	185
Leisure staff	225	192
Sessional staff	159	72
Total	<u><u>588</u></u>	<u><u>449</u></u>

10. Trading Subsidiary

A trading subsidiary, North Lanarkshire Leisure Trading CIC Limited, was established on 18 September 2009 to conduct the conferencing and banqueting business carried out at Broadwood Stadium as well as events such as Championship Snooker and Darts at Ravenscraig. The share capital of the trading company, to a nominal value of £100, is held entirely by North Lanarkshire Leisure Limited.

The incoming resources and expenses of the subsidiary are disclosed within the consolidated accounts. The trading surplus for 2011/12 has been gifted to NLL.

North Lanarkshire Leisure Ltd

A summary of the results of the subsidiary are shown below:

	2012	2011
	£	£
Turnover	159,062	165,505
Administrative expenses	(144,525)	(160,368)
Other operating income	-	-
OPERATING PROFIT	14,537	5,137
Gift aid donation to North Lanarkshire Leisure Limited	(14,537)	(5,137)
NET RESULT	-	-

The assets and liabilities of the subsidiary were:

	2012	2011
	£	£
Assets	115,964	116,706
Liabilities	(115,864)	(116,606)
Funds	100	100

The liability represents the gift aid to North Lanarkshire Leisure Limited.

11. Stock

	Group	Company	Group	Company
	2012	2012	2011	2011
	£	£	£	£
Stock	56,477	51,631	93,320	83,448

12. Debtors

	Group	Company	Group	Company
	2012	2012	2011	2011
	£	£	£	£
Trade Debtors	106,564	98,644	86,725	171,450
Amounts due from related party	82,366	80,784	148,299	147,204
Prepayments and accrued income	475,426	469,093	512,147	499,200
Due from Group Company	-	98,360	-	5,137
	664,356	746,881	747,171	822,991

North Lanarkshire Leisure Ltd

13. Creditors: amounts falling due within one year

	Group 2012	Company 2012	Group 2011 £	Company 2011 £
Bank overdraft	(311,763)	(311,763)	(302,172)	(300,769)
Trade creditors	(741,854)	(732,809)	(1,379,644)	(1,373,878)
Other taxes and social security costs	(785,860)	(779,897)	(480,021)	(480,021)
Amount due to related party	(346,532)	(346,532)	(103,810)	(103,810)
Other Creditors, Accruals & Deferred Income (note 18)	(2,008,891)	(2,006,395)	(1,527,761)	(1,509,191)
	(4,194,900)	(4,177,396)	(3,793,408)	(3,767,669)

14. Tangible fixed assets (Group and Company)

	Leasehold Improvements £	Furniture & Fittings £	Plant & Equipment £	Computer Equipment £	Total Assets £
Cost at 1 April 2011	628,175	212,416	812,330	115,421	1,768,342
Additions	782,826	16,088	225,815	6,420	1,031,149
Disposals	-	-	(9,284)	-	(9,284)
Gross book value as at 31 March 2012	1,411,001	228,504	1,028,861	121,841	2,790,207
Depreciation at 1 April 2011	309,469	103,959	394,558	28,791	836,777
Depreciation provided for year	194,992	42,762	180,070	23,914	441,738
Depreciation on disposals	-	-	(5,366)	-	(5,366)
Cumulative depreciation as at 31 March 2012	504,461	146,721	569,262	52,705	1,273,149
Net book value as at 31 March 2012	906,540	81,783	459,599	69,136	1,517,058
Net book value as at 31 March 2011	318,706	108,457	417,772	86,630	931,565

15. Restricted funds (Group and Company)

	Scottish Handball ,Scottish Rugby & Winning Scotland	Lanarkshire Alcohol & Drugs Partnership	Event Scotland	North Lanarkshire Council	NHS Lanarkshire	Dept for Works & Pensions	European Commission	Tennis	Capital Grant	Total
Balance as at 1 April 2011	-	-	-	-	-	-	-	-	148,718	148,718
Income	25,000	156,969	10,000	280,000	108,953	157,343	4,306	13,500	290,000	1,046,071
Expenditure	(25,000)	(156,969)	(10,000)	(280,000)	(108,953)	(157,343)	(4,306)	(13,500)	(80,073)	(836,144)
Balance as at 31 March 2012	-	-	-	-	-	-	-	-	358,645	358,645

North Lanarkshire Leisure Ltd

Scottish Handball Association - £15,000: Funding to support the provision of the Handball Development Officer post.

Scottish Rugby Union - £5,000: Funding to support the provision of the Rugby Development Officer post.

Anytime Leisure - £5,000: Funding to support the provision of the Canoe Officer and Canoe Development Officer posts.

Lanarkshire Alcohol & Drugs Partnership: Funding to deliver diversionary activities including drug & alcohol workshops, mind & body management classes and to support football leagues & dance workshops for target client groups.

Events Scotland: Funding to allow NLL to host the Big Bash event at Ravenscraig, which supported the costs of arts tutors, sports coaches, transport costs, goodie bags, etc.

North Lanarkshire Council: funding received from NLC to support the Saturday Sports scene project which provides diversionary activities across 5 sites in North Lanarkshire, as well as providing, through Social Work Services, the opportunity for target client groups to attend facilities through the purchase of Access NL Membership Cards. NLC also provided significant funding towards North Lanarkshire hosting the 2011 International Childrens Games.

NHS Lanarkshire: grant funding received to support the Fit for Fun, CEL36, Health Improvement & Specialist Health Projects.

Department for Works & Pensions: funding received for the Future Jobs Fund project which assists 18-24 year olds who have been out of work for 39 – 50 weeks in entering the job market to enhance their skills and work experience for a period of 6 months.

European Commission: funding with the aim of gathering best practices to establish benchmarks for volunteering in sport.

Lawn Tennis Association £5,000: funding received to support participation in tennis by delivering a tennis & nutrition programme to school children in the Motherwell & Wishaw area.

Tennis Scotland £8,500: funding received to support participation in tennis by delivering a tennis & nutrition programme to school children in the Motherwell & Wishaw area.

Capital Grant: £148,718 b/fwd from 2010/11 for Gym Equipment at Broadwood. £225,000 was received from SportsScotland, £30,000 from Viridor & £20,000 from R&A towards funding improvements at Lochview. A further £15,000 was received from SportsScotland towards pool timing equipment at Sir Matt Busby Sports Complex. This is being recognised to match the depreciation on these projects over the remaining useful life of the equipment.

16. Movement in reserves (Group and Company)

	Unrestricted Fund		Restricted Fund	Pension Reserve	Total Funds
	Designated Fund	General Fund			
	£	£			
Opening reserves at 1 April 2011	894,585	1,947,957	148,718	(1,816,000)	1,175,260
Transfer					
Add surplus for the period	145,988	173,972	209,927	-	529,887
Transfer between funds	-	-	-	279,000	279,000
Actuarial loss for the period	-	-	-	(391,000)	(391,000)
Reserves at 31 March 2012	1,040,573	2,121,929	358,645	(1,928,000)	1,593,147

North Lanarkshire Leisure Ltd

17. Analysis of net assets between funds – Group

	Unrestricted Funds		Restricted Funds	Totals
	General	Designated		
	2012	2012	2012	2012
	£	£	£	£
Fund balances at 31 March 2012 are represented by:				
Tangible fixed assets	1,517,058	-	-	1,517,058
Current assets	4,799,771	1,040,573	358,645	6,198,989
Current liabilities	(4,194,900)	-	-	(4,194,900)
Pension Fund Liability	(1,928,000)	-	-	(1,928,000)
	193,929	1,040,573	358,645	1,593,147

18. Analysis of net assets between funds – Company

	Unrestricted Funds		Restricted Funds	Totals
	General	Designated		
	2012	2012	2012	2012
	£	£	£	£
Fund balances at 31 March 2012 are represented by:				
Tangible fixed assets	1,517,058	-	-	1,517,058
Investments	100	-	-	100
Current assets	4,782,167	1,040,573	358,645	6,181,385
Current liabilities	(4,177,396)	-	-	(4,177,396)
Pension Fund Liability	(1,928,000)	-	-	(1,928,000)
	193,929	1,040,573	358,645	1,593,147

19. Notes to the cash flow statement

(a) Reconciliation of net income for the year to net cash inflow from operating activities

	2012	2011
	£	£
Net income for the year	808,887	2,188,956
Depreciation charge and loss on disposal	445,655	352,336
Interest received	(56,667)	(46,085)
Interest paid	-	-
(Add Back) / Deduct FRS 17	(279,000)	(1,465,000)
(Increase)/Reduction in stocks	36,841	(16,209)
Reduction / Increase in debtors	66,932	242,402
Increase/(Reduction) in creditors	407,746	394,120
Net cash inflow from operating activities	1,430,394	1,650,520

(b) Reconciliation of net cash flow to movement in net debt

	2012	2011
	£	£
Increase in cash in the year	455,913	1,229,296
Net funds at start of year	4,710,441	3,481,144
Net funds at end of year	5,166,354	4,710,440

North Lanarkshire Leisure Ltd

© *Analysis of net funds*

	At beginning of year 2012 £	Cash flows 2012 £	Other non cash changes 2012 £	At end of year 2012 £
Cash at bank and in hand	5,012,612	465,543	-	5,478,155
Bank overdrafts	(302,172)	(9,630)	-	(311,802)
Net funds at end of year	4,710,440	455,913	-	5,166,353

20. Commitments

(a) *Annual commitments under non-cancellable operating leases are as follows:*

	Land & Buildings 2012 £	Other 2012 £	Total 2012 £	Total 2011
Operating leases which expire:				
In the first year	-	-	-	-
In the second to fifth years inclusive	-	365,321	365,321	393,363
	-	365,321	365,321	393,363

(b) *Capital commitments*

	2012 £	2011 £
Capital commitment at the end of the year for which no provision has been made, are as follows:		
Contracted	<u>540,000</u>	<u>541,000</u>

21. Pension scheme

Certain of the Company's employees belong to the Strathclyde Pension Fund which is part of the 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 FRS17 – Retirement Benefits the Company is required to disclose certain information relating to the scheme. The recognition and measurement requirements of FRS17 have been adopted within the accounts.

The last full actuarial valuation was carried out as at 31 March 2011. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2012 using the following assumptions.

	2012	2011
Inflation assumption	2.5%	2.8%
Rate of increase in salaries	4.8%	5.1%
Rate of increase in pensions in payment	5.8%	6.9%
Discount rate	4.8%	5.5%

North Lanarkshire Leisure Ltd

Post Retirement Mortality	Males	Females	Males	Females
Current Pensioners	21.0 years	23.4 years	20.6 years	23.9 years
Future Pensioners	23.3 years	25.3 years	22.6 years	25.0 years

The Fair value of employer assets are:

	2012	2011
	£	£
Equities	15,637,000	12,326,000
Bonds	2,234,000	2,081,000
Property	1,422,000	960,000
Cash	1,015,000	640,000
Total	<u>20,308,000</u>	<u>16,007,000</u>

The amounts recognised in the balance sheet are as follows:

	2012	2011
	£	£
Present value of funded obligations	(22,236,000)	(17,823,000)
Fair value of plan assets	<u>20,308,000</u>	<u>16,007,000</u>
Net (Liability)	<u>(1,928,000)</u>	<u>(1,816,000)</u>

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

	2012	2011
	£	£
Defined Benefit Plans		
Operating defined benefit contribution	17,823,000	20,084,000
Service cost	1,216,000	1,333,000
Interest cost	1,085,000	1,070,000
Contribution by Members	384,000	365,000
Actuarial (Gains) / Losses	567,000	(3,082,000)
Past service costs	-	(1,742,000)
Losses/(Gains) on Curtailments	82,000	-
Liabilities Assumed in a Business Combination	1,248,000	-
Benefits Paid	<u>(169,000)</u>	<u>(205,000)</u>
Closing defined benefit obligation	<u>22,236,000</u>	<u>17,823,000</u>

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

	2012	2011
	£	£
Defined Benefit Plans		
Opening plan assets	16,007,000	13,626,000
Expected return	1,242,000	1,025,000
Actuarial gains / (losses)	176,000	95,000
Contributions by employer	1,313,000	1,101,000
Contributions by members	384,000	365,000
Assets Acquired in a Business Combination	1,355,000	-
Benefits paid	<u>(169,000)</u>	<u>(205,000)</u>
Closing plan assets	<u>20,308,000</u>	<u>16,007,000</u>

North Lanarkshire Leisure Ltd

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

	2012 £	2011 £
Current service cost	1,216,000	1,333,000
Interest on obligation	1,085,000	1,070,000
Expected return on plan assets	(1,242,000)	(1,025,000)
Losses/(Gains) on Curtailments and Settlements	82,000	00
Past service costs	(107,000)	(1,742,000)
Total	<u>1,034,000</u>	<u>(364,000)</u>

The history of experience gains and losses are as follows:

	2012 £	2011 £	2010 £	2009 £	2008 £
Difference between the expected and actual return on assets	176,000	95,000	(2,971,000)	(3,934,000)	(1,166,000)
Value of assets	20,308,000	16,007,000	13,626,000	9,164,000	11,572,000
Percentage of Assets	0.90%	0.60%	(21.80)%	(42.90)%	(10.10)%
Experience gains / (losses) arising on the scheme liabilities	416,000	-	-	679,000	10,165,000
Present value of liabilities	22,236,000	17,823,000	20,084,000	9,828,000	10,165,000
Percentage of the present value of liabilities	1.90%	0.00%	0.00%	6.90%	0.0%
Actuarial (losses) / gains recognised in STRGL	(391,000)	3,177,000	(5,748,000)	(2,153,000)	1,888,000
Present value of liabilities	22,236,000	17,823,000	20,084,000	10,165,000	10,165,000
Percentage of the present value of liabilities	-1.80%	17.80%	(28.60)%	(21.20)%	18.60%

The projected pension expense for the year to 31st March 2013 will be approximately £1,192,000.

22. Related party transactions

North Lanarkshire Council, the sole member of NLL, made a contribution as per the service specification of £10,944,322 (2011 - £10,232,688) to the Company and leased the facilities occupied by the Company for a peppercorn rent. In addition, the Council provided various administrative, financial, internal audit and IT services for which the company was charged £408,347 (2011 - £328,076).

At 31 March 2012 the Company owed the Council £346,532 (2011 - £103,810) and the Council owed the Company £82,366 (2011 - £148,299).

Four directors of the Company were members of North Lanarkshire Council during the period ended 31 March 2012, these being J Logue, C Adamson, J Robertson and B Wallace.