

REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021
FOR
HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)



HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31ST MARCH 2021

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HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2021

The trustees who are also directors of the company for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st March 2021. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

04270411 (England and Wales)

Registered Charity number

1090528

Registered office

Accrington Town Hall
Blackburn Road
Accrington
Lancashire
BB5 1LA

Trustees

Ciaran Wells – Chair
Irene Ryan
Anne Ellwood
Marie Demaine
Patrick Swanney
Peter Baron
Cllr Munsif Dad BEM

Key Management Personnel

Lyndsey Sims
Joanne Mortimer
Linda Horsfield

Position

Chief Executive
Head of Leisure
Head of Health & Wellbeing

Company Secretary

Lyndsey Sims

Auditors

Ainsworths Limited
Chartered Accountants
and Statutory Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

Bankers

Natwest
PO Box No2
St James Street
Accrington
Lancashire
BB5 1NB

FOREWORD BY CHAIR

Welcome to Hyndburn Leisure Trust's Annual Report for the financial year 2020/21. This report provides an overview of our main areas of activity, highlights achievements and outlines future plans.

Hyndburn Leisure is on a journey to become financially sustainable. Since 2008/09, the management fee paid to the trust by Hyndburn Borough Council has reduced by £1,186,961, representing a 93% reduction to 2020/21. The year on year reductions to the management fee have provided cumulative savings of over £8.7M to the Council.

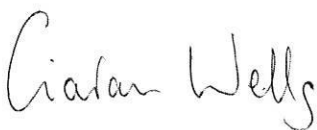
The importance of physical and mental health and the contribution physical activity makes to individual and community health and well-being has been brought into sharp focus by COVID-19. The relationship between poor health, inequalities and deaths from coronavirus has been identified, as has the disproportionate impact of the pandemic on individuals and families from more deprived backgrounds.

During lockdown, the Leisure trust faced large ongoing expenditure costs including significant utility bills and our trading income revenues reduced to zero. The strict social distancing regime that we introduced during periods of re-opening also resulted in a deficit operating model being delivered at Hyndburn Leisure Centre and made reopening Mercer Hall Leisure Centre and other sites far more challenging.

A priority throughout closures was to ensure that the facilities in the trust's portfolio were secure and maintained to avoid problems and unnecessary delays on re-opening. Work also took place to encourage and support customers and the wider community to stay active via content on social media, through on-demand digital classes and email updates.

Despite the significant financial challenges faced by the trust during 2020/21, we recorded a balanced budget. This was achieved through strong financial management, applications for state aid, refocusing the trust's service priorities and additional in-year support from Hyndburn Borough Council.

The future vision for the organisation is starting to be realised, however the impact of the COVID-19 pandemic over the past financial year has resulted in the trust and others in the leisure sector being taken off course. Despite the challenges that the pandemic has and will continue to bring, the trust are focused on recovering from the effects of COVID-19 and remain determined to impact positively on the health and wellbeing of our community. All our staff and partners are committed to creating a positive environment to enable the trust to continue to provide high quality, valued services for our communities.



Chair – Ciaran Wells

STRUCTURE, GOVERNANCE AND MANAGEMENT

Hyndburn Leisure is both a registered charity and a company limited by guarantee; governed by its Articles of Association. The trustees delegate the day to day management to the Chief Executive Officer, Lyndsey Sims.

The trust adheres to the Nolan rules for Standards in Public Life. Whilst undertaking a review of governance, the trustees have also reviewed the recommendations in "Good Governance, A Code for the Voluntary and Community Sector" and do not believe the trust has any standards at variance with that code which require disclosure. The trust's ethical policy is; "All delegations must be exercised in accordance with the law and having regard to any lawful direction and/or guidance subsequently issued by Parliament and/or any other appropriate funding body.

Furthermore, all HR and people issues will be handled fairly, consistently and in accordance with relevant legislation, ACAS Codes of Practice and Chartered Institute of Personnel & Development (CIPD) advice and best practice."

Directors and trustees

The directors of the limited company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

Recruitment and appointment of new trustees

As set out in the Articles of Association, the Chair of the trustees is nominated by the members of the Board of trustees. The Board of trustees comprises a minimum of five trustees and a maximum of fifteen.

The charity aims to maintain a broad range of skills on the Board of trustees to contribute to the success of the charity. The composition of the Board of trustees may include two trustees appointed by Hyndburn Borough Council and persons from time to time employed by the charity may collectively appoint one person as a trustee.

Trustees Induction and Training

New trustees undergo orientation sessions and receive literature and training to provide them with an understanding of their legal obligations under both charity and company law, the content of the Articles of Association, the committee and decision making process, the business plan and recent financial performance of the charity. The trust also seeks to identify appropriate training and update sessions for the trustee's.

Retirement of trustees

Appointed trustees shall stay in office until such time as they retire or are removed in accordance with the Articles.

Board meetings

The trustees meet every three months. There is also a sub-committee which covers resource management including finance and corporate performance that meets every three months prior to each board meeting. During 2021/21 the Board agreed to meet every two months, combining the main trustee meeting and sub-committee, to increase communication during the pandemic. Adhoc groups are organised as and when required for unique considerations.

Indemnity Insurance

During the year the charity maintained indemnity insurance for the trustees and senior staff to indemnify them against the consequences of unintentional neglect or default on their part.

Related parties

The trust has a close relationship with Hyndburn Borough Council (Council) for whom it manages the borough's sports leisure and culture facilities and three community centres. Council facilities include; Hyndburn Leisure Centre, Mercer Hall Leisure Centre, Accrington Town Hall, Wilson's Playing Fields, Clayton Civic Hall, Bank Mill House and Oswaldtwistle West End. The facilities estate includes; two swimming pools, two state-of-the-art gyms, a soft play centre, two thermal suites, three squash courts and an events and entertainment venue.

There is one Council nominated trustee on the Board. In addition, the Chief Executive of the trust has regular meetings with the Deputy Chief Executive of the Council, who is the trust's liaison, who also attends Board meetings.

The trust has an agreement with the Council to operate the Council's Leisure, community and culture facilities. The outcomes of which are determined by a number of agreed partnership objectives.

Risk management

The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks.

Pay and Remuneration

Key management personnel of the charity comprise the trustees, the Chief Executive Officer, the Head of Operations and Head of Health & Wellbeing. The total employee benefits of the key management personnel of the charity were £119,301, in addition employer pension contributions of £18,965 were paid in respect of their services.

The charity's pay structure for employees consists of 46 grades each of which has a set annual salary. We currently use 21 of these grades for roles within the charity. Grades are allocated to jobs through a process of job evaluation which establishes the relative value of different jobs. The grades and related salaries are set by the National Joint Council for Local Government Services.

OBJECTIVES AND ACHIEVEMENTS

Hyndburn Leisure (HL) is a company limited by guarantee with charitable status. It was formed in 2002 to manage the borough's sport and leisure facilities and in 2005 also took on the Council's Arts & Entertainment facilities and community buildings.

HL's objects as stated in its governing document are:

"the provision or assisting in the provision of facilities for recreation or other leisure time occupation for the general public in or in connection with the Borough of Hyndburn and its neighbourhood in the interests of social welfare by improving conditions of life"

In planning and delivering its action plan trustees have considered Charity Commission guidance relating to public benefit, including the setting of affordable fees and charges and ensuring that programmes and activities meet charitable objectives.

Key areas of activity

The trust seeks to provide accessible and affordable sports, leisure, arts and cultural activities to every member of the Hyndburn community, irrespective of age, background or ability.

We further our charitable objectives by operating in the following key areas:

- The Leisure Activity Passport scheme offers significantly reduced admission charges to a wide range of individuals who are on limited incomes, including those who are unemployed, receiving Council Tax or Housing Benefit, those receiving Income Support or Job seekers Allowance, students and those receiving Working Tax Credit.
- The Leisure Activity Passport also provides reduced admission for key priority groups including Hyndburn residents over 60 years of age and the registered disabled (including FREE access to carers).
- Our Swimming Programme offers reduced rate swimming for 4 to 16 year olds during school holiday periods.
- Senior citizens and children receive concessionary rates on the purchase of tickets for our sport and leisure activities and entertainment programme. In addition, free use is offered to children participating in themed activities and events.
- Use of our public halls and community facilities is made available to charitable and non-profit making groups at concessionary rates. We also offer free use for certain categories of users.
- Our Health & Wellbeing services support our communities to improve their health outcomes. The team work in the heart of our communities, workplaces and schools, using their expert knowledge and experience in supporting positive lifestyle changes.
- Free access to leisure provision for armed forces personnel.
- Free access to leisure facilities and financial support for talented athletes.

ACHIEVEMENTS AND PERFORMANCE

During the pandemic our ability to generate income from fees and charges reduced drastically. The trust has experienced unprecedented financial difficulties as a result of facility and service closures and phased re-opening to control COVID-19 infection levels.

To improve our financial position the trust:

- Re-deployed employees to lead and operate the Hyndburn Hub
- Re-deployed employees as COVID marshals supporting the Vaccination site
- Furloughed the majority of employees at 80% salary
- Applied for Leisure & Hospitality business grants
- Applied for external health-related funding
- Applied to the National Leisure Recovery Fund
- Negotiated service contracts and reduced utility usage to lower expenditure

Health & Wellbeing

Our Health & Wellbeing team continued to deliver specialist exercise and wellbeing support services throughout the pandemic. We successfully attracted external funding to extend these services, providing digital and socially distanced opportunities for people to engage in high quality physical activity and nutrition activities.

We also launched a pilot community investment scheme, physical activity campaign and volunteer scheme as part of the Together an Active Future, Sport England pilot.

Hyndburn Hub

Throughout the pandemic, the trust has led a successful Community Hub (Hyndburn Hub) on behalf of Hyndburn Borough Council. The Hub has provided essential support to thousands of people who were at greater risk of becoming seriously ill if they contracted COVID-19 and has also brought together over 50 Hyndburn-based groups and organisations.

Through this work, the trust has also successfully secured funding for the local area through a number of national grant programmes, namely:

- Emergency Assistance Grant (£127k) to provide food and essential supplies to people in need
- Community Champions Fund (£492k) to support residents who have been most affected by the pandemic to move into positive activities that support their physical and mental health and encouraging the local take-up of vaccinations
- Healthier Communities Fund (£50k) to lead a development project to address health inequalities across the borough

The trust is also leading on the coordination of the Holiday Activities Food (HAF) programme for the borough, bringing together key stakeholders and a broad range of delivery partners to provide positive activities, nutrition education and food access to young people who are eligible for Free School Meals (FSM).

Facility reopening & Leisure recovery

Hyndburn Leisure Centre reopened to members in July following a programme of essential refurbishment, facility adaptations and multiple sanitising measures to ensure that we were COVID-secure, providing a safe and welcoming space for our customers and employees. We also carried out thorough training with all employees.

During re-opening periods membership levels showed positive signs of recovery, and we expect to reach 2019/20 levels by the end of 2021/22. Learn to Swim and Super Gymnastics memberships levels are on track to exceed 2019/20 levels in the year ahead.

Leisure Transformation

Hyndburn Borough Council appointed Max Associates to carry out a Feasibility Study using the Strategic Outcomes Planning Model to develop a clear approach to providing effective and sustainable physical activity and sport opportunities for our local communities for the next 40 years.

The overall objective of the Feasibility Study is to develop a shared local strategic vision that is deliverable and distinctive whilst at the same time, creating the optimal mix of facility and service interventions with a strong sense of place and good connections with the wider area.

In February 2021, the Council's Cabinet approved proposals to continue to develop plans to refurbish and replace the existing Leisure Estate, with an indicative investment of £10 million. A Leisure Transformation portal was launched to share the proposals with residents and a large-scale public consultation was delivered, attracting over 1,400 responses from our community.

The trust also secured £22k external funding to develop Bank Mill House Community Centre and continued to work with Clayton Amateur Boxing Club to relocate the club to Clayton Civic Hall.

The Future

The Leisure Trust's work remains rooted in local communities, providing bespoke opportunities and programmes to meet the needs of the local population, with a commitment to providing inclusive, supportive and welcoming environments for people from across Hyndburn.

The trust is currently in the process of developing a new strategy, which is due to be launched in 2022, focused on providing residents with 'Better Places, Better Health, Better Lives'. Included in the trust's strategy will be an ambition to attract and grow investment into physical activity programmes, facilities, and networks.

The trust remains committed to playing a key role in the preventive health agenda working with and leading local partnerships to support the community to be active and healthy.

GOING CONCERN

The trustees have considered their obligations to prepare these financial statements on an appropriate basis, having specific regard to the charity's net liability position within unrestricted funds as at 31 March 2021. The net liability position is as a result of the inclusion of the pension scheme deficit.

The trustees have reviewed budgets and cash flow forecasts. Efficiency savings are being delivered and new external grant income streams have been attracted by the management team. The trustees have considered the forecasts, grant funding secured, proposed savings and COVID-19 recovery income stream budgets and consider them to be reasonable.

The trustees recognise the support provided by Hyndburn BC, and are aware of the "letter of support" received from the Council.

After making enquiries and considering the issues described above, the trustees have a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis of accounting in preparing these financial statements.

FINANCIAL REVIEW

The financial statements have been prepared on a going concern basis, which presumes that the trust will receive no financial support from the Council by means of a management fee. The management fee from the Council for 2020/21 is £75,000. An additional one-off grant was also provided in-year to enable the trust to manage the impact of the pandemic. For the year 2021/22 it has been agreed that no management fee will be paid.

Total income for the year 2020/21 was £2,719,579 (2019/20: £2,951,770), a decrease of 7.9%. This was the effect of COVID-19 lockdowns and the impact it had on the operation of leisure and arts facilities. The majority of the reduction in operational income has been replaced by external grant funding.

Total expenditure for the year 2020/21 was £2,900,046 (2019/20: £3,442,285), a decrease of 15.8%. This was a result of the cost savings made by the charity in response to the COVID-19 pandemic.

The trust had an overall funds deficit as at 31 March 2021 of £5,003,404 (2019/20: £3,651,937), an increase of 37%, which was largely attributable to an increase in the pension scheme deficit to £4,140,000 (2019/20: £2,788,540).

To supplement the provision of high quality leisure facilities the charity is committed to developing a high quality service. The trust is working with partner organisations to introduce cost effective, fit for purpose, peer quality assurance processes.

FINANCIAL REVIEW (CONTINUED)

Reserves policy

It is the aim of the trustees to build up unrestricted reserves to cover a reasonable level of future management, administration and support costs. The trustees have not included an annual contribution for 2020/21 but remain committed to developing a reserve policy to support the medium-term financial strategy.

At present the trust has insufficient reserves to ensure that it can deal with major unexpected adverse developments without direct support from Hyndburn Borough Council. Both trustees and Executives maintain a regular dialogue with the council to ensure that, should major unexpected adverse developments arise, any difficulties that require attention are addressed in a mutually agreeable manner.

Trustees are confident that the charity has established diversity of operations, sufficient versatility and control of expenditures of such nature that it is able to adapt to changing circumstances that will arise from time-to-time under normal business conditions.

Trustees have agreed the reserves as follows;

- Hold a minimum cash balance in the bank account of £50,000.
- Long term aim to increase the minimum cash balance in the bank account to £200,000.

The trustees have considered the current adverse economic climate when reviewing their reserves policy.

Investment Powers and Policy

Under the Memorandum and Articles of Association, the trust has the power to invest in any way the trustees wish. The trust having regard to the liquidity requirements of operating leisure facilities, and to the reserves policy, operate a policy of keeping surplus funds available in interest bearing bank accounts.

Principal risks and uncertainties

The trust is extremely reliant on income from fees and charges, therefore the charity is open to a number of risks which can negatively impact upon the sustainability of the organisation including:

- Further closures and restrictions associated with the COVID-19 pandemic will hinder the trust's recovery plan
- Uncontrollable budget pressures placed upon the trust will reduce the trust's capability to plan and manage the business effectively
- The trust is subject to elasticity in its demand income and a level of uncontrollable costs
- Delay in progressing the Leisure Transformation will defer income opportunities
- The further increase in the pension scheme deficit, which is outside the control the trust

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The trustees (who are also directors of Hyndburn Leisure for the purposes of company law) are responsible for preparing the trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure to Auditors

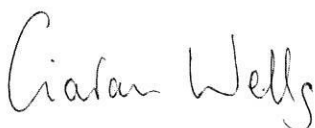
In so far as the trustees are aware, there is no relevant information of which the charitable company's auditor is unaware, and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors, Ainsworths Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approval

This report was approved by the trustees on 16th September 2021 and signed on its behalf by



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Ciaran Wells
Trustee/Chair of the Board

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

Opinion

We have audited the financial statements of Hyndburn Leisure (the 'charity') for the year ended 31st March 2021 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the Report of the Trustees, Accounting Policies and Note 20, which all highlight the impact which Covid-19 has had on the charity and its expectations for the future. The trustees have concluded that the charity is a going concern, however these events mean a material uncertainty exists that may cast significant doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information in the Report of the Trustees, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having made enquiries of management about their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
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We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and local tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements, but compliance with which may be fundamental to the company's ability to operate.

Audit response to risks identified

As a result of performing the above our procedures to respond to the risks identified included the following:

- reviewing the financial statements disclosure and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management about actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risk of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Sunter (Senior Statutory Auditor)
for and on behalf of Ainsworths Limited
Chartered Accountants
and Statutory Auditors
Charter House
Stansfield Street
Nelson
Lancashire
BB9 9XY

Date: 16th September 2021

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2021

	Notes	Unrestricted funds £	Restricted funds £	31.3.21 Total funds £	31.3.20 Total Funds £
INCOME					
Income from donations					
Donations	2	270,325	-	270,325	270,325
Income from charitable activities					
Operation of sports facilities	3	1,645,855	334,943	1,980,798	2,323,383
Operation of town hall and similar buildings		126,082	1,324	127,406	348,798
Income from other activities					
Commercial operations	4	340,971	-	340,971	8,999
Investments		<u>78</u>	<u>1</u>	<u>79</u>	<u>265</u>
Total income		2,383,311	336,268	2,719,579	2,951,770
EXPENDITURE					
Charitable activities					
Operation of sports facilities	5	1,775,315	319,755	2,095,070	2,379,439
Operation of town hall and similar buildings		622,736	1,780	624,516	812,026
Pension operating charge		116,460	-	116,460	191,820
Net interest on pension scheme liability	18	<u>64,000</u>	<u>-</u>	<u>64,000</u>	<u>59,000</u>
Total expenditure		<u>2,578,511</u>	<u>321,535</u>	<u>2,900,046</u>	<u>3,442,285</u>
NET INCOME/(EXPENDITURE)		(195,200)	14,733	(180,467)	(490,515)
Transfers between funds		<u>26,211</u>	<u>(26,211)</u>	<u>-</u>	<u>-</u>
		(168,989)	(11,478)	(180,467)	(490,515)
Other recognised gains and losses					
Pension scheme actuarial gain/(loss)	18	<u>(1,171,000)</u>	<u>-</u>	<u>(1,171,000)</u>	<u>(57,000)</u>
NET MOVEMENT IN FUNDS		(1,339,989)	(11,478)	(1,351,467)	(547,515)

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STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2021

	Notes	Unrestricted funds £	Restricted funds £	31.3.21 Total funds £	31.3.20 Total Funds £
NET MOVEMENT IN FUNDS		(1,339,989)	(11,478)	(1,351,467)	(547,515)
RECONCILIATION OF FUNDS					
Total funds brought forward		(3,773,234)	121,297	(3,651,937)	(3,104,422)
TOTAL FUNDS CARRIED FORWARD		<u>(5,113,223)</u>	<u>109,819</u>	<u>(5,003,404)</u>	<u>(3,651,937)</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AT 31ST MARCH 2021

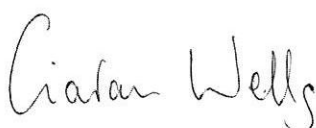
	Notes	31.3.21 £	31.3.20 £
FIXED ASSETS			
Tangible assets	9	324,946	403,893
CURRENT ASSETS			
Stock	10	6,180	10,997
Debtors	11	342,908	172,991
Cash at bank and in hand		333,887	145,753
		682,975	329,741
CURRENT LIABILITIES			
Amounts falling due within one year	12	(470,363)	(1,232,612)
NET CURRENT LIABILITIES		212,612	(902,871)
TOTAL ASSETS LESS CURRENT LIABILITIES		537,558	(498,978)
LONG TERM LIABILITIES			
Amounts falling due after more than one year	13	(1,400,962)	(364,419)
NET ASSETS EXCLUDING PENSION DEFICIT		(863,404)	(863,397)
PENSION SCHEME DEFICIT	18	(4,140,000)	(2,788,540)
NET LIABILITIES INCLUDING PENSION DEFICIT		(5,003,404)	(3,651,937)
FUNDS			
Unrestricted funds	16	(973,223)	(984,694)
Restricted funds	17	109,819	121,297
Pension scheme deficit	18	(4,140,000)	(2,788,540)
TOTAL FUNDS		(5,003,404)	(3,651,937)

**HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH 2021**

The trustees have prepared the accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard 102 (effective 1st January 2015).

The financial statements were approved by the Board of Trustees on 16th September 2021 and were signed on its behalf by:



.....
Ciaran Wells
Trustee/Chair of the Board

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2021

	Notes	31.3.21 £	31.3.20 £
Cash flows from charitable activities			
Cash generated from activities	1	(855,438)	(12,738)
Net cash from charitable activities		(855,438)	(12,738)
Cash flows from investing activities			
Interest income		79	265
Interest paid		(14,871)	(17,773)
Purchase of tangible fixed assets		(8,277)	(3,420)
Net cash from investing activities		(23,069)	(20,928)
Cash flows from financing activities			
New borrowings in the year		1,123,008	86,708
Capital repayments in the year		(56,367)	(31,477)
Net cash from financing activities		1,066,641	55,231
Increase/(decrease) in cash and cash equivalents		188,134	21,565
Cash and cash equivalents at the beginning of the year	2	145,753	124,188
Cash and cash equivalents at the end of the year	2	333,887	145,753

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2021

1. RECONCILIATION OF DEFICIT TO CASH GENERATED FROM ACTIVITIES

	31.3.21	31.3.20
	£	£
Deficit for the year	(180,467)	(490,515)
Interest receivable	(79)	(265)
Interest payable	14,871	17,773
Depreciation charges	87,224	93,692
	(78,451)	(379,315)
Decrease/(increase) in stocks	4,817	2,036
Decrease/(increase) in trade and other debtors	(169,917)	(76,912)
(Decrease)/increase in trade and other creditors	(792,347)	190,633
Increase in pension scheme liability	180,460	250,820
Cash generated from charitable activities	<u>(855,438)</u>	<u>(12,738)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st March 2021

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	<u>333,887</u>	<u>145,753</u>

Year ended 31st March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	<u>145,753</u>	<u>124,188</u>

1. ACCOUNTING POLICIES

Company information

Hyndburn Leisure is a charitable company, limited by guarantee, registered in England and Wales. The charity's registered number and registered office address can be found on the Company Information page. Each member's personal liability is limited to an amount not exceeding £1.

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis which assumes that the company will be able to meet its liabilities as they fall due. The related party, Hyndburn Borough Council, have not given formal support to the charity, however they have continued the provision of grant support and continued support of the charity in its cash flow requirements. Furthermore, the charity has been able to access additional grant funding made available due to the Covid-19 pandemic. Accordingly, the trustees have concluded that it is appropriate for these financial statements to be prepared on the going concern basis.

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

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

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income is the amount derived from ordinary activities, and stated after trade discounts, other sales taxes and net of VAT.

Grants receivable are accounted for when due. Income is deferred when it is received in advance of the period to which it relates.

Investment income is recognised on a receivable basis.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management and administration of the charity.

All support costs are allocated between the activity expenditure categories on a basis designed to reflect the use of the resource. Support costs are apportioned on an appropriate basis e.g. time spent, floor areas, or estimated usage.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

1. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets and depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 10% Straight line
Facilities	- Fully depreciated
Fixtures and equipment	- 10-25% Straight line
Plant and machinery	- 15% Straight line

Fixed assets are stated at cost less accumulated depreciation. Assets are also subject to an annual review to identify any indicators of impairment.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charity participates in the Lancashire County Pension Fund defined benefit scheme. Although the scheme is a multi-employer scheme it is possible to allocate a share of the assets and liabilities to the charity and hence contributions are accounted for as a defined benefit scheme in accordance with FRS 102.

The charity also participates in the NHS Pension Fund defined benefit scheme. The scheme is not designed to be run in a way that would enable the charity to identify its share of the underlying scheme assets and liabilities. The pension contributions made during the financial period are therefore treated as if the scheme is a defined contribution scheme and recognised in the Statement of Financial Activities.

Stock

Stock is valued at the lower of cost and net realisable value, after making due allowances for slow and obsolete items.

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Debtors and Creditors

Short term debtors and creditors are measured at transaction price, less any impairment.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The major item in the financial statements where these judgements and estimates must be made is in relation to the pension scheme. Management consult with experts to provide appropriate assumptions on which to calculate projected funding position for the scheme.

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

2. DONATIONS

	31.3.21	31.3.20
	£	£
Gifts in kind – use of buildings	<u>270,325</u>	<u>270,325</u>
	<u>270,325</u>	<u>270,325</u>

In 2020, of the total donation income, £270,325 was unrestricted funds.

3. CHARITABLE ACTIVITIES

	31.3.21	31.3.20
	£	£
Unrestricted income:		
Grants from Hyndburn Borough Council	75,000	56,250
Covid-19 grant from Hyndburn Borough Council	705,320	-
Local council Covid-19 business grants	203,080	-
Other income from Hyndburn Borough Council	38,550	79,928
Notional income from Hyndburn Borough Council	16,335	16,335
Job retention scheme grants	498,390	-
Income from the operation of leisure and arts facilities	<u>235,262</u>	<u>2,175,589</u>
	1,771,937	2,328,062
Restricted income:		
Bridging Communities – Community Leisure	-	4,250
Cardiac Fund – Active Lancashire	1,628	-
Consultancy - Lottery Fund	4,540	-
Door Step Activity Fund - Street Games Fund	130	160
Events at ATH	-	29,930
Feasibility study	10,000	
Fixed assets	8,935	
Green Gym – Sport England	15,613	-
Grow & Sow – Bank Mill Lancashire Environmental Fund	16,420	-
National Recovery Lottery Fund – Sport England	51,296	-
Phase 4 ATH	1,324	20,068
Room to Play - Garfield Grant	10,000	-
Suicide Prevention Fund – NHS	-	5,000
Talented Athletics Fund	-	3
Together an Active Future – Sport England	154,787	88,105
Up and Active – Lancashire County Council	35,227	196,603
Weight Management – Lancashire County Council	<u>26,367</u>	<u>-</u>
	336,267	344,119
	<u>2,108,204</u>	<u>2,672,181</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

4. OTHER ACTIVITIES – COMMERCIAL OPERATIONS

	31.3.21	31.3.20
	£	£
Income from delivery of the Covid Community Hub	340,971	-
Income from letting of property	-	8,999
	<u>340,971</u>	<u>8,999</u>

In 2020, of the total other activities income, £8,999 was unrestricted funds.

5. EXPENDITURE ON CHARITABLE ACTIVITIES - 2021

	Sports facilities	Town hall & buildings	Total 2021
	£	£	£
Unrestricted expenses:			
Costs directly allocated to activities:			
Salaries, NI and pensions	891,011	127,790	1,018,801
Other staff costs	4,078	310	4,388
Premises costs	345,159	66,372	411,531
Promotions and marketing	10,466	2,090	12,556
Depreciation	79,644	895	80,539
Notional cost of gym equipment	16,335	-	16,335
Gifts in kind – use of buildings	-	270,325	270,325
Other costs	32,657	14,403	47,060
	<u>1,379,350</u>	<u>482,185</u>	<u>1,861,535</u>
Support and governance costs allocated:			
Support costs (note 6)	374,141	132,894	507,035
Governance costs (note 6)	21,824	7,657	29,481
	<u>395,965</u>	<u>140,551</u>	<u>536,516</u>
	<u>1,775,315</u>	<u>622,736</u>	<u>2,398,051</u>
Restricted expenses:			
Salaries, NI and pensions	219,732	-	219,732
Other staff costs	225	-	225
Premises costs	12,772	-	12,772
Promotions and marketing	6,492	-	6,492
Depreciation	6,440	-	6,440
Other costs	74,094	1,780	75,874
	<u>319,755</u>	<u>1,780</u>	<u>321,535</u>
	<u>2,095,070</u>	<u>624,516</u>	<u>2,719,586</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

5. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED) - 2020

	Sports facilities £	Town hall & buildings £	Total 2020 £
Unrestricted expenses:			
Costs directly allocated to activities:			
Salaries, NI and pensions	1,163,674	186,183	1,349,857
Other staff costs	17,702	5,490	23,192
Premises costs	383,247	47,715	430,962
Promotions and marketing	49,565	14,660	64,225
Depreciation	85,014	343	85,357
Notional cost of gym equipment	16,335	-	16,335
Gifts in kind – use of buildings	-	270,325	270,325
Other costs	111,504	110,740	222,244
	<u>1,827,041</u>	<u>635,456</u>	<u>2,462,497</u>
Support and governance costs allocated:			
Support costs (note 6)	318,071	115,281	433,352
Governance costs (note 6)	49,517	13,875	63,392
	<u>367,588</u>	<u>129,156</u>	<u>496,744</u>
	<u>2,194,629</u>	<u>764,612</u>	<u>2,959,241</u>
Restricted expenses:			
Salaries, NI and pensions	164,683	-	164,683
Other staff costs	5,830	-	5,830
Promotions and marketing	614	-	614
Depreciation	5,702	1,311	7,013
Other costs	7,981	46,103	54,084
	<u>184,810</u>	<u>47,414</u>	<u>232,224</u>
	<u>2,379,439</u>	<u>812,026</u>	<u>3,191,465</u>

6. GOVERNANCE AND SUPPORT COSTS

The charity initially identifies the cost of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the three key charitable activities (see note 5) in the year.

The costs are apportioned on the following basis:

Salaries, NI and pensions – Allocated on a time basis
All other costs – Pro rata to direct (non-salary related) costs

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

7. NET MOVEMENT IN FUNDS

Net resources are stated after charging:

	31.3.21	31.3.20
	£	£
Auditors remuneration	8,200	14,000
Operating lease rentals – other	2,629	2,629
Operating lease rentals – property	270,325	270,325
Indemnity insurance for trustees and senior staff	1,297	714
Depreciation	<u>87,224</u>	<u>93,692</u>

8. STAFF COSTS

	31.3.21	31.3.20
	£	£
Wages and salaries	1,252,143	1,494,565
Social security costs	65,093	83,617
Other pension costs	<u>182,067</u>	<u>188,015</u>
	<u>1,499,303</u>	<u>1,766,197</u>

The average monthly number of employees during the year was as follows:

	31.3.21	31.3.20
Employees	<u>133</u>	<u>172</u>

Due to reliance on seasonal workers, class instructors and casual bank staff, the number of employees can vary materially during the course of any one year.

No employees were paid over £60,000 for the year ended 31st March 2021 nor for the year ended 31st March 2020.

Key management personnel of the charity comprise the trustees, the Chief Executive Officer, the Head of Leisure and the Head of Wellbeing. The total employee benefits of the key management personnel of the charity were £119,031 (2020: £113,901), in addition employer pension contributions of £18,965 (2020: £14,555) were paid in respect of their services.

Trustees' Remuneration

No trustees received remuneration for their roles as trustees for the year ended 31st March 2021 nor for the year ended 31st March 2020.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31st March 2021 nor for the year ended 31st March 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

9. TANGIBLE FIXED ASSETS

	Improvements to property £	Facilities £	Fixtures & Equipment £	Plant & Machinery £	Totals
COST					
At 1 st April 2020	435,602	371,163	1,232,846	46,931	2,086,542
Additions	-	-	8,277	-	8,277
At 31 st March 2021	435,602	371,163	1,241,123	46,931	2,094,819
DEPRECIATION					
At 1 st April 2020	305,946	371,163	960,465	45,075	1,682,649
Charge for year	18,331	-	67,721	1,172	87,224
At 31 st March 2021	324,277	371,163	1,028,186	46,247	1,769,873
NET BOOK VALUE					
At 31 st March 2021	111,325	-	212,937	684	324,946
At 31 st March 2020	129,656	-	272,381	1,856	403,893

10. STOCK

	31.3.21 £	31.3.20 £
Bar stocks	2,439	4,920
Pool chemicals	2,325	3,754
Vending and food	1,416	2,323
	<u>6,180</u>	<u>10,997</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21 £	31.3.20 £
Trade debtors	12,909	50,805
Prepayments and accrued income	329,699	121,886
Other debtors	300	300
	<u>342,908</u>	<u>172,991</u>

Debtors include £nil in respect of grants receivable at the year end. All amounts shown under debtors fall due for payment within one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade creditors	1,200	55,319
Taxation and social security	39,522	29,369
Amounts owed to Hyndburn Borough Council	64,552	836,034
Hire purchase contracts	39,092	36,815
Accruals and deferred income	325,997	275,075
	<u>470,363</u>	<u>1,232,612</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.21	31.3.20
	£	£
Amounts owed to Hyndburn Borough Council	1,355,187	289,041
Hire purchase contracts	45,775	75,378
	<u>1,400,962</u>	<u>364,419</u>

Included in the above amount owed to Hyndburn Borough Council is an amount totalling £1,090,647 which is repayable in more than 5 years and by instalments.

14. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	31.3.21	31.3.20
	£	£
Expiry date:		
Within 1 year	2,629	15,729
Between one and five years	438	3,068
	<u>3,067</u>	<u>18,797</u>

15. ANALYSIS OF NET LIABILITIES BETWEEN FUNDS

	Unrestricted funds	Restricted funds	31.3.21 Total funds	31.3.20 Total Funds
	£	£	£	£
Fixed assets	302,044	22,902	324,946	403,893
Current assets	596,058	86,917	682,975	329,741
Current liabilities	(470,363)	-	(470,363)	(1,232,612)
Long term liabilities	(1,400,962)	-	(1,400,962)	(364,419)
Pension scheme deficit	(4,140,000)	-	(4,140,000)	(2,788,540)
	<u>(5,113,223)</u>	<u>109,819</u>	<u>(5,003,404)</u>	<u>(3,651,937)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

16. UNRESTRICTED FUNDS

	Pension deficit £	General funds £	Designated funds £	Total funds £
Balance at 1 st April 2020	(2,788,540)	(991,622)	6,928	(3,773,234)
Net income / (expenditure)	(1,351,460)	(14,740)	-	(1,366,200)
Transfers between funds	-	31,058	(4,847)	26,211
	<u>(4,140,000)</u>	<u>(975,304)</u>	<u>2,081</u>	<u>(5,113,223)</u>

Purposes of designated funds

The trustees have designated funds to assist in the future development of the charity. The funds set aside are for the upkeep of facilities at Wilson's Athletic Track.

General fund

The general fund consists of the total of free reserves available to spend on the objectives of the charity. As these are negative, the trustees have considered this when reviewing the going concern status of the charity and are satisfied that the charity remains a going concern particularly in light of the on-going support provided by Hyndburn Borough Council.

17. RESTRICTED FUNDS

	At 1 st April 2020 £	Incoming resources £	Outgoing resources £	Fund transfers £	At 31 st March 2021 £
Project fund					
Active Community	2,477	-	-	(2,477)	-
Active Hyndburn Extension	1,389	-	-	(1,389)	-
Cardiac Grant	-	1,628	-	-	1,628
Events at ATH	3,204	-	500	-	3,704
Feasibility study	-	10,000	(10,000)	-	-
Fixed assets	20,407	8,935	(6,440)	-	22,902
Garfield Grant – Room to play	-	10,000	(10,000)	-	-
Green Gym	-	15,613	(10,200)	(5,413)	-
Inclusion Half Term Week	272	-	-	(272)	-
LEF – Bank Mill	-	16,420	(16,420)	-	-
Lottery Fund - Consultancy	-	4,540	-	-	4,540
National Recovery Lottery Fund	-	51,296	(51,296)	-	-
Ossy Joggers	37	-	-	(37)	-
PCC Scheme	2,000	-	-	(2,000)	-
Phase 4 ATH	1,475	1,324	(2,280)	-	519
Star Track	437	-	-	(437)	-
Street Games – Door Step Activity	160	130	(130)	(160)	-
Talented Athletics Fund	1,465	1	-	(1,466)	-
Together an Active Fund	87,974	154,787	(186,740)	(41,874)	14,147
Up and Active	-	35,227	(2,162)	29,314	62,379
Weight Management	-	26,367	(26,367)	-	-
	<u>121,297</u>	<u>336,268</u>	<u>(321,535)</u>	<u>(26,211)</u>	<u>109,819</u>

17. RESTRICTED FUNDS (CONTINUED)

Active Hyndburn/Active Women/Active Community

Active Hyndburn is a three year project that focuses on encouraging people to maintain their wellbeing through regular active participation in leisure activities. This project was extended during the prior year.

During the prior year an additional project was set up to combine Active Hyndburn with two previously ceased projects, Active Women and the Active Mums project. The combined project is called Active Community.

Cardiac Grant

The cardiac grant supports 17 hours to provide a 12 week cardiac rehab referral programme, that provides low level classes and education sessions, supported by the Health Activator team.

Events at Accrington Town Hall

Funding from the council to contribute to events run from ATH.

Fixed Asset Fund

Restricted element of grants received for the purchase of fixed assets.

Garfield Fund – Room to play

This funding was received for the new Community Pavilion as part of the wider project of regeneration of the borough's greenspaces.

Green Gym

The project aims to provide an outdoor gym in Gatty Park, Accrington and employ a Community Engagement Officer on a two-year contract to promote its use by local residents (including referrals) and to train community volunteers to sustain its use once the two years have elapsed.

Inclusion Half Term Week

Grant awarded to contribute to the running of an activity week for families of children with SEND living in Hyndburn.

Bank Mill

The LEF fund was to improve facilities, refurbishing the reception area and unused side room at Bank Mill House. To offer a welcoming environment for the residents of Great Harwood and increase the wellbeing service offer at Bank mill house.

Lottery Fund – Consultancy

Sport England support to resource consultancy time from Max Associates to provide an external, expert evaluation on the impact that Covid-19 has had and is likely to continue to have on the trust.

17. RESTRICTED FUNDS (CONTINUED)

National Recovery Lottery Fund

DCMS and the Ministry of Housing, Communities and Local Government ("MHCLG") have allocated funding to support leisure centres that are owned by local authorities and have been adversely affected by the COVID-19 pandemic, in particular through temporary closures, social distancing requirements and consumer confidence. Representatives from DCMS, MHCLG and Sport England form a committee to determine jointly whether individual applications for funding are suitable and the amount of funding to be allocated. Sport England is the body designated to distribute the allocated funding to approved applicants and monitor the application of the funds.

Ossy Joggers

Grant funding from Lancashire Sport was obtained for an initial 9 month running to December 2017. The project aims to drive a regular running participation habit in people who don't already have one, including how participants will keep running after the project has finished.

PCC Scheme

Grant funding of £2,000 was received during 2018 from Hyndburn Borough Council, this was to cover the cost of free gym memberships given to children / teenagers who have come out of care to encourage them to stay on track.

Phase 4 ATH

A grant received from Hyndburn Borough Council to improve the furniture and bar in the building.

Star Track

Star Track is a joint venture with Hyndburn Athletics Club providing opportunities for schoolchildren with potential to benefit from participation in track and field athletics, to have access to expert coaching during specialist activity days. Small individual contributions to the day's events finance awards given to participants and further the projects reach.

Street Games Fund

This award was received to help inactive young people from disadvantaged communities to build regular activity habits.

Talented Athletics Fund

The Talented Athletes Fund comprises gifts and donations to be used to support local athletes, through grants and similar awards, in the development of their particular talent.

Together an Active Fund

Funding has been received from Blackburn with Darwen Council to identify innovative solutions to make it easier for people in specific areas to access sport and physical activity.

Weight Management

We are seeking to provide an accessible tier 2 adult weight management service, which supports obese adults to lose weight and improves knowledge and skills in maintaining healthy weight, as part of wider programmes which promote healthy weight and physical activity in localities. This will form an integral part of the NHS Health Checks care pathway and wider obesity pathways. The service will be for an initial term of 3 years commencing 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

18. PENSION ARRANGEMENTS

Net Pension Deficits:

	31.3.21	31.3.20
	£	£
NHS Pension Scheme	-	7,540
Lancashire County Pension Scheme	4,140,000	2,781,000
	<u>4,140,000</u>	<u>2,788,540</u>

NHS Pension Scheme

Certain employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The assets of the scheme are held separately from those of the charity.

Based on the most recent actuarial valuation as at 31st March 2016, employer contributions of 17.9% are required to be paid from 1st April 2019. Included in these contributions is an additional amount to cover the deficit as at the actuarial valuation date. During the year, normal employer pension contributions of £1,804 (2020: £5,874) were paid to the scheme.

Lancashire County Pension Fund

The charity participates in the Lancashire County Pension Fund which is a funded defined benefit scheme providing benefits based on final remuneration. The assets of the scheme are held separately from those of the charity. Whilst this is a multi-employer scheme, the actuary is able to segregate the assets and liabilities relating to the charity. During the year, normal employer pension contributions of £180,263 (2020: £219,507) were paid to the scheme.

The following calculations as at 31st March 2021 have been provided by the actuaries, Mercer Limited, using the projected unit actuarial costs method. Principal actuarial assumptions used by the actuary were as follows:

	31.3.21	31.3.20
Rate of CPI inflation	2.70	2.10
Rate of increase in salaries	4.20	3.60
Rate of increase in pensions	2.80	2.20
Discount rate	2.10	2.40
Life expectancy of a male future pensioner aged 65 in 20 years' time	23.90	23.80
Life expectancy of a female future pensioner aged 65 in 20 years' time	26.90	26.80
Life expectancy of a male current pensioner aged 65	22.40	22.30
Life expectancy of a female current pensioner aged 65	25.10	25.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

18. PENSION ARRANGEMENTS (CONTINUED)

The amounts recognised in the balance sheet are as follows:

	31.3.21	31.3.20
	£	£
Present value of funded obligations	(11,475,000)	(9,298,000)
Fair value of plan assets	7,335,000	6,517,000
Net pension deficit	<u>(4,140,000)</u>	<u>(2,781,000)</u>

Analysis of amounts charged to the Statement of Financial Activities:

	31.3.21	31.3.20
	£	£
Operating charge		
Current service cost	298,000	424,000
Administration expenses	6,000	8,000
Total operating charge	<u>304,000</u>	<u>432,000</u>
Other finance costs		
Expected return on pension scheme assets	(158,000)	(156,000)
Interest on pension scheme liabilities	222,000	215,000
Net charge	<u>64,000</u>	<u>59,000</u>
Total charge to resources expended in Statement of Financial Activities	<u>368,000</u>	<u>491,000</u>

Analysis of the actuarial gains and losses shown in the Statement of Financial Activities:

	31.3.21	31.3.20
	£	£
Actuarial gains on assets	559,000	40,000
Actuarial losses on liabilities	(1,730,000)	(97,000)
Actuarial gain / (loss) recognised	<u>(1,171,000)</u>	<u>(57,000)</u>

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

	31.3.21	31.3.20
	£	£
Opening defined benefit obligation	9,298,000	8,638,000
Current service cost	298,000	424,000
Interest on pension scheme liabilities	222,000	215,000
Employee contributions	58,000	75,000
Actuarial losses	1,730,000	97,000
Benefits paid / transfers	<u>(131,000)</u>	<u>(151,000)</u>
Closing defined benefit obligations	<u>11,475,000</u>	<u>9,298,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

18. PENSION ARRANGEMENTS (CONTINUED)

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

	31.3.21	31.3.20
	£	£
Opening fair value of plan assets	6,517,000	6,173,000
Expected return on plan assets	158,000	156,000
Actuarial gains	559,000	40,000
Employer contributions	180,000	232,000
Employee contributions	58,000	75,000
Administration expenses	(6,000)	(8,000)
Benefits paid / transfers	(131,000)	(151,000)
Closing fair value of plan assets	<u>7,335,000</u>	<u>6,517,000</u>

The split of assets between investment categories is as follows:

	2021	2021	2020	2020
	£	%	£	%
Equities	3,440,000	46.90	3,454,000	53.00
Government bonds	-	-	-	-
Other bonds	-	-	163,000	2.50
Property	1,042,000	14.20	554,000	8.50
Cash/liquidity	161,000	2.20	182,000	2.80
Other	2,692,000	36.70	2,164,000	33.20
	<u>7,335,000</u>	<u>100.00</u>	<u>6,517,000</u>	<u>100.00</u>

Amounts for the current and previous periods are as follows:

	2021	2020	2019	2018
	£	£	£	£
Defined benefit obligation	(11,475,000)	(9,298,000)	(8,638,000)	(7,670,000)
Plan assets	<u>7,335,000</u>	<u>6,517,000</u>	<u>6,173,000</u>	<u>5,460,000</u>
	<u>(4,140,000)</u>	<u>(2,781,000)</u>	<u>(2,465,000)</u>	<u>(2,210,000)</u>

A full actuarial review of the scheme was undertaken as at 31st March 2021.

Following the full actuarial valuation at 31st March 2021, employer contributions were agreed to stay at a rate of 16.90% with effect from 1st April 2021.

The current estimate of employer contributions for the year ended 31st March 2022 is £182,000. Implied service cost is estimated at £394,000 and a net interest and administration cost at £91,000 resulting in the deficit increasing by an estimated £303,000 to £4,443,000.

19. RELATED PARTY TRANSACTIONS

The charity receives a level of grant funding from Hyndburn Borough Council. The Council also has the power to appoint up to two trustees of the charity. The grant funding received during the year and the amounts owed to Hyndburn Borough Council at 31 March 2021 are summarised as follows:

	31.3.21	31.3.20
	£	£
Grant funding receivable – unrestricted	75,000	75,000
COVID-19 Grant funding receivable – unrestricted	705,320	-
Other income receivable - unrestricted	38,550	79,928
Other income receivable – restricted	-	-
Net amounts owed to Hyndburn Borough Council	1,419,739	1,125,075

During the year, Hyndburn Borough Council provided cashflow funding amounting to £294,664, increasing the net amounts owed to £1,419,739 from £1,125,075. This balance has been converted in to a long term loan repayable over 25 years.

Certain properties, occupied and operated by the charity, are provided by Hyndburn Borough Council on a peppercorn rent in accordance with leases which expire on 31 March 2027. The estimated benefit of the low rentals for these properties is £270,325 (2020: £270,325).

Income and expenditure also includes notional amounts totalling £16,335 (2020: £16,335), in respect of gym equipment bought by Hyndburn Borough Council in prior years that the trust utilises but is not charged.

20. GOING CONCERN AND POST BALANCE SHEET EVENTS

In preparing this Annual Report and Accounts, the trustees have considered their statement made regarding preparation of the financial statements on a going-concern basis. The financial statements have been produced on a going concern basis, despite the existence of net current liabilities and net total liabilities (including the pension scheme deficit) as at 31st March 2021 because the trustees are satisfied that subject to the reservations identified in the Going Concern paragraph in the Trustees Report, the charity will meet all its obligations as and when they fall due over the foreseeable future. In forming this opinion, the trustees have paid particular regard to:

- The nature of and future prospects for the economic climate in which the charity operates;
- The adequacy of the liquidity in the business demonstrated through the current 12 month forecast;
- The continued support of the Council;
- The remaining term to March 2027 of the management agreement with Hyndburn Borough Council;
- The competencies of the executive staff employed by the charity;
- The actual performance to date for the financial year ending 31st March 2022.
- The details included in the Report of the Trustees which sets out the impact Coronavirus has had on the charity.

The trustees are not aware of any other reportable post balance sheet events at the time of this report.