

Registered number: 09519616

Charity number: 1161131

CELTIC LEISURE
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

**CELTIC LEISURE
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

A Davies
G C Davies
L A J Dineen
P L Fowler
J Locke
D Smith
J A Stephens
H Stockham
H Worth
I M Jones (resigned 16 April 2020)

Company registered number

09519616

Charity registered number

1161131

Registered office

Neath Leisure Centre
Dyfed Road
Neath
West Glamorgan
SA11 3AW

Company secretary

H J Morris-Sayce

Independent auditors

Azets Audit Services
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Chief Executive Officer

Mr Richard Lewis

Bankers

HSBC UK
1 Centenary Square
Birmingham
B1 1HQ

**CELTIC LEISURE
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 April 2020 to 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document, the Companies Act 2006 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 1 January 2019).

Objectives and activities

a. Policies and objectives

As a company limited by guarantee and a registered charity, Celtic Leisure is committed to demonstrating the benefits it provides in the County Borough of Neath Port Talbot. This statement sets out the objects, vision and values of the Charity.

Objectives

The overall aims of Celtic Leisure as set out in its Articles of Association are:

- The advancement and support of education, culture, arts and heritage;
- The provision or assistance in the provision of facilities for recreation or other leisure time occupation in the interest of social welfare, such facilities being provided to the public at large;
- The promotion and preservation of good health through community participation in healthy recreation.

Vision

That Celtic Leisure will be:

- The partner of choice for all organisations in Neath Port Talbot with a common purpose in the areas of physical literacy, culture, exercise sport and health;
- A leaner, fitter organisation that is equipped to withstand and adapt to an ever-changing economy and market; and
- An organisation that is fully engaged with its customers, communities and partners, and responsive to their needs.

Organisational Values

We are an organisation that has high standards, and we will adopt the following values and principles in dealings with our customers, colleagues and partners, we will:

- Act with integrity and show respect.
- Be honest and open
- Listen, and put people at the heart of the decisions we make.
- Will be accountable for our actions.
- Endeavour to be fair and equal, and be sensitive to the differences between people.

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Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Strategies for achieving objectives

Celtic Leisure ('the Company') is a non-profit making body registered as a charity. For the general public in the County Borough of Neath Port Talbot and its environs, the Company's objectives are to provide a range of services for recreation, cultural and leisure time occupation in the interests of social welfare; to advance the education of the public in leisure activities; and to promote and protect good health amongst the public by the encouragement of healthy lifestyles and participation in appropriate leisure and cultural activities.

The predecessor society and Company (see 'Structure, governance and management' below), was formed to take the transfer of the leisure centres and swimming pool operations of Neath Port Talbot County Borough Council ('the Council') with effect from 1 April 2003.

Celtic Leisure is legally independent of the Council, although its objectives have been established to reflect those of the Council, with which it works in partnership to ensure that the leisure centres, swimming pools and Gwyn Hall make a full contribution towards achieving the objectives of the community plan.

The Company relies on a management fee from the Council and income from activities charged to users of the facilities to cover its operating costs. Affordability and access to these facilities is important and is reflected in the Company's pricing policy.

c. Activities undertaken to achieve objectives

With our facilities only open for 16 weeks of the year due to restrictions placed on site openings as a result of the Covid pandemic and further limitations on numbers allowed at any one time, only 0.2 million people were attracted through our doors compared with 1.3 million people participating in activities across all our 8 sites in the prior year.

Participation throughout 2020/21

The Covid-19 pandemic has significantly affected the trading performance of the business since March 2020 with facilities having to be closed due to both national and local lockdowns. It is expected that the impact of the virus will continue to have a significant impact on the service in the short, medium and long term. A period of disruption which commenced in February 2020 has continued into 2021 and has had a major effect on operations with sites having to adapt working methodologies in order to protect staff and members alike.

At present there is a general anxiety about utilising leisure centres, and re-growing membership numbers will continue to be a challenge well into the future. With more people opting to train outdoors or embracing digital solutions to exercise it is essential that future offerings to our customers incorporate these changes.

d. Main activities undertaken to further the Company's purposes for the public benefit

Our activities summarised below are undertaken to further our charitable purposes for public benefit and can be split into three areas:

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Advancement of Education, Culture, Arts & Heritage

- Through the provision of a structured learn to swim programme give the opportunity for children to become confident and proficient in water
- Working in close association with schools within the area, provide the opportunity for local children to learn to swim in an encouraging environment
- Supporting a wide range of live events and films at our Gwyn Hall site to suit all tastes
- The programming of the latest blockbuster films in our 3 cinema screens
- The promotion of shows and pantomimes run by local amateur societies
- Regular on stage live music performances
- The availability of the facility for conferences and meetings
- Frequent screenings of National Theatre Live performances
- Working with local dance schools with both practices and live stage performances
- The promotion of Welsh language in the Arts through live stage performances aimed at younger children
- Recurring monthly quiz nights promoting cinematic themes
- Working with local schools in providing a venue to host children's art exhibitions
- Assisting the local college in providing working opportunities for students to achieve customer service-based qualifications
- Providing an environment for more relaxed cinema screenings to benefit individuals with learning difficulties, autism and other cognitive disorders

Provision of Recreation Facilities To Promote Healthy Living & Welfare

- Utilisation of our swimming pool facilities by local swimming and aquatic clubs for both training and competitions
- Use of our indoor gyms, sports and bowls halls by various clubs, schools, societies and individuals for recreation, training and competitions
- Providing two artificial football pitches for use by local junior and senior football teams
- Promoting the participation in Walking Football as both an indoor and outdoor sport, aiming at keeping people with lack of mobility still to be involved with football
- Use of our outdoor athletic track by clubs and individuals allowing them to be involved in running at all levels of abilities whether at a competitive level or just for pleasure
- Promotion of other sports such as archery, boxing, trampolining, gymnastics, martial arts
- Use of our facilities to undertake various shows to promote the interest of the wider non-sporting community outside of the leisure industry by hosting events such as dogs and bird shows
- The use of our facilities by various disabled groups

Promotion of Good Health in The Community

- Through the provision of an extensive programme of exercise classes, helping a cross section of people to enjoy keeping fit in an encouraging environment that promotes physical and emotional wellbeing
- Providing appropriate and changing fitness programmes for our gym members throughout the period of their membership
- In conjunction with a Welsh Government initiative offering free swimming for over 60s
- Delivering structured free-swimming classes for children during school holidays
- Running specific classes aimed at encouraging individuals to return to exercise after years, and possibly decades, of physical inactivity

CELTIC LEISURE
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- Utilising our leisure centres to promote the National Exercise Referral Scheme
- Working with local businesses as a Corporate partner to offer health reviews to company staff
- Utilising our trained gym instructors to deliver appropriate nutrition and diet advice of individuals
- Through the provision of a discounted pricing for individuals under 21 years of age helping to give easier access to gym facilities and stop inactivity
- With our presence at and sponsoring various community festivals being able to give advice to individuals on various ways in which to stay fit and healthy.

In addition, during the past year our facilities have been used widely in order to help with the community response to the pandemic in utilising our sites as both testing and vaccinating centres.

Fundraising activities

As a charity, Celtic Leisure does not engage in fundraising activities to finance its activities. However, Celtic Leisure welcomes other charitable organisations who wish to use the premises to hold their own fundraising activities, which are undertaken at their own risk.

In line with other local authorities across Wales, Neath Port Talbot Council have been awarded funding by Welsh Government to mitigate their losses of income during the Coronavirus pandemic. Internal and outsourced leisure are able to claim loss of income after the mitigation of expenditure. Celtic Leisure has agreed the principle for claims will be the result of any deficit experienced by Celtic Leisure during the year and will be eligible for reclaim under this scheme as part of the overall claim for Neath Port Talbot Council. Celtic Leisure has and will continue to submit claims to Neath Port Talbot Council for inclusion in their Hardship Fund claim on a quarterly basis to Welsh Government.

Financial review

a. Going concern

Following negotiations with Neath Port Talbot County Borough Council (NPTCBC), Celtic Leisure has agreed to surrender the contract it holds with the Council for the purpose of providing physical literacy, culture, exercise sport and health within the community. Upon surrender of the contract, the directors have agreed to commence liquidation proceedings. As a result, these financial statements are being prepared on a basis other than going concern.

Further, in October 2020 Celtic Leisure entered into an agreement with NPTCBC that ensures that it is adequately funded and able to meet all its obligations to the date of completion of the contract and in respect of the planned liquidation. Whilst no date has yet been agreed for the termination of the contract, the Trustees anticipate that this will occur sometime around Spring 2022.

b. Financial risk management objectives and policies

The Trustees of Celtic Leisure in their execution of the Company's strategy are subject to a number of risks. The key operational risks and uncertainties affecting the Company are considered to relate to competition from other operators of leisure facilities, together with the retention of suitably qualified employees. Operational risks are reviewed regularly by the Trustees, and appropriate processes are put in place to monitor and mitigate their impact.

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TRUSTEES' REPORT AND FINANCIAL STATEMENTS
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Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity and interest rates. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company as set out below. Given the size of the Company, the Trustees have not delegated the responsibility of monitoring financial risk management to a sub-committee. The policies set by the Trustees are implemented by the Company's financial department.

Liquidity risk

The Company actively maintains a level of bank balances that is designed to ensure the Company has sufficient available funds for its operations and planned objectives.

c. Results

The Company has faced a number of challenges over the last few years and has found itself in the position of being unable to generate sufficient income to meet its expected annual expenditure. The results, as set out on page 15, show a deficit for the year of £2,733,424 (2020: deficit £1,061,272). Subsequently, and as outlined above, the Company has agreed to surrender the contract it holds with NPTCBC and the accounts prepared on a basis other than going concern.

d. Reserves

The Company's reserves as at 31 March 2021 amounted to an overall net liability position on its balance sheet of £6,540,941 (2020: £3,807,517) of which £7,020,000 (2020: £4,480,000) relate to the pension scheme deficit with a general free reserve surplus of £396,072 (2020: £376,583). Reserves are needed to bridge the gap between the spending and receiving of income and to cover unplanned emergency repairs and other expenditure. The Trustees consider that the ideal level of reserves is £400,000 excluding the pension deficit.

Celtic Leisure will ensure that the minimum levels of reserves are maintained by the production of annual budgets set in the context of their impact on reserves; maximisation of income streams; robust budgetary control and control over expenditure and corporate planning with forecast reserve levels. Reserves levels are monitored and reviewed periodically by the Board.

e. Key financial performance indicators

As a charity our financial governance is central to our success and ongoing sustainability. The use and development of internal Key Performance Indicators as a method of tracking and improving performance is seen as key to the overall success of the organisation. In addition to monitoring financial performance there are also a series of non-financial measurements in place to ensure that the organisation is achieving its objectives in terms of its interaction with the wider community.

Pension

On 1 April 2015 the Trust was admitted to the Local Government Superannuation Scheme (LGPS), a defined benefit scheme. The funding deficit accruing to 31 March 2015 in respect of employees relocating to Celtic Leisure was retained by The City and Council of Swansea. The Trust is, therefore, only responsible for any increase in liabilities occurring after the transfer date, with the Authority acting as guarantor for the previously accrued net deficit.

**CELTIC LEISURE
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Structure, governance and management

a. Constitution

Celtic Leisure is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association.

The Company is constituted under a Memorandum of Association dated 31 March 2015 and is a registered charity number 1161131.

The principal objects of the Company are:

- The advancement and support of education, culture, arts and heritage;
- The provision or assistance in the provision of facilities for recreation or other leisure time occupation in the interest of social welfare, such facilities being provided to the public at large; and
- The promotion and preservation of good health through community participation in health recreation.

b. Methods of appointment or election of Trustees

The Trustees meet formally four times a year for regular business. Celtic Leisure seeks to have Trustees comprised as follows:

- Two employees of the Charity, elected by the members at the Annual Review Meeting;
- Up to two representatives appointed by Neath Port Talbot County Borough Council; and
- Eight persons, who are not local authority persons defined by the Local Government and Housing Action, who represent the wider community which the Charity serves and are appointed by the Trustees.

The management of the Company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

c. Organisational structure and decision-making policies

The board of Trustees, which can have up to 12 members, administers the Charity. The board normally meets quarterly. A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the Charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and artistic performance related activity.

d. Policies adopted for the induction and training of Trustees

It is Celtic Leisure's intention to make its Trustees aware of their duties and responsibilities as Trustees of the Charity. It is also our intention that as and when those legal responsibilities change that the Trustees will be made aware of any such changes. In the future Trustees recruited to the Board will undergo an induction day and will meet key personnel during this session.

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TRUSTEES' REPORT AND FINANCIAL STATEMENTS
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e. Related party relationships

Two of our Trustees were appointed from our staff team and receive remuneration from their work with the charity. Any connection between a Trustee or senior manager of the Charity with a supplier or company who undertake a service for the Charity must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party. The trustees encourage members of staff to take on the role of trusteeship on behalf of the Charity.

f. Risk management

The Trustees have a risk management strategy which comprises:

- a review of its risk register and the principal risks and uncertainties identified
- the establishment of policies, systems and procedures to mitigate those risks identified
- the implementation of procedures designed to minimise or manage any potential impact on the Charity should those risks materialise.

This work has identified that whilst financial sustainability is the major financial risk for the charity, during 2020/21 the predominant risk has been that of managing the impact from Covid-19. The facilities have been closed for the majority of 2020/21 and this has impacted income generation. During the year the charity has taken advantage of all available government support, with the majority of staff being furloughed during the year through the Job Retention Scheme. The charity continues to monitor the position closely and believes that it can continue to operate effectively with the support of government funding until the termination. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due.

Attention has also been focused on non-financial risks arising from slips and trips of customers and the contamination of the pools. These risks are managed by ensuring accreditation is up to date with staff being encouraged to develop and keep abreast of legislation. Testing results are kept and monitored by senior staff with operational responsibility. Regular Health & Safety meetings are held and a specialist consultant is retained. A staff training programme is also in place.

g. Trustees' indemnities

Celtic Leisure do not currently provide for Trustee indemnity.

Plans for future periods

Plans for future periods are discussed in section a. Going concern of the Financial review.

Members' liability

The Members of the Company guarantee to contribute an amount not exceeding £1 to the assets of the Company in the event of winding up.

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TRUSTEES' REPORT AND FINANCIAL STATEMENTS
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Engagement with employees and employment of the disabled

The policy of Celtic Leisure is to consult and discuss with employees on matters likely to affect employees' interests. Information on matters of concern to employees is given through such means as briefing meetings, notice boards etc which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's operational performance.

The policy of the Company provides full and fair consideration to disabled applicants for employment and that existing employees who become disabled will have the opportunity to retrain and continue in employment. No unnecessary limitations are placed on the type of work which disabled persons can perform and the policy ensures that in appropriate cases consideration is given to modifications to equipment or premises and to adjustments in working practices.

Remuneration of Key Management Personnel

The arrangements for setting pay and remuneration of key management personnel is linked to the general staff pay award as agreed with Union Representatives. Consideration is given to the National Joint Council Pay Award for Local Government during these negotiations, and subject to affordability are ratified by the Board of Trustees.

**CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Statement of Trustees' responsibilities

The trustees, who are also the directors of Celtic Leisure for the purpose 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

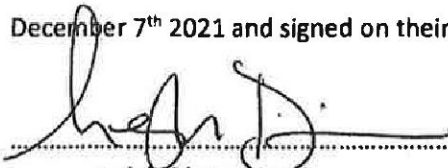
The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The auditors, Azets Audit Services, have indicated their willingness to continue in office. The designated Trustees will propose a motion appointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on

December 7th 2021 and signed on their behalf by:


Leigh Dineen

CELTIC LEISURE
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF CELTIC LEISURE

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, 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 Auditor's 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.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2.2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**CELTIC LEISURE
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF CELTIC LEISURE**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

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

**CELTIC LEISURE
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF CELTIC LEISURE**

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

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

**CELTIC LEISURE
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF CELTIC LEISURE**

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Azets Audit Services

14-12-2021

Chartered Accountants
Statutory Auditor

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
United Kingdom
CF23 8AB

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

CELTIC LEISURE
STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Charitable activities	4	3,442,443	1,954,934	5,397,377	6,392,787
Investments	5	-	-	-	1,839
Total income		3,442,443	1,954,934	5,397,377	6,394,626
Expenditure on:					
Charitable activities	6	3,952,954	2,167,847	6,120,801	7,205,898
Total expenditure		3,952,954	2,167,847	6,120,801	7,205,898
Net outgoing resources		(510,511)	(212,913)	(723,424)	(811,272)
Other recognised losses:					
Actuarial losses on defined benefit pension schemes	21	(2,010,000)	-	(2,010,000)	(250,000)
Net movement in funds		(2,520,511)	(212,913)	(2,733,424)	(1,061,272)
Reconciliation of funds:					
Total funds brought forward	16	(4,103,417)	295,900	(3,807,517)	(2,746,245)
Total funds carried forward	16	(6,623,928)	82,987	(6,540,941)	(3,807,517)

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 20 to 38 form part of these financial statements.

**CELTIC LEISURE
BALANCE SHEET
AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	107,705	605,520
Current assets			
Stocks	12	25,862	25,101
Debtors	13	383,304	288,952
Cash at bank and in hand	18	886,665	464,908
		<u>1,295,831</u>	<u>778,961</u>
Creditors: amounts falling due within one year	14	<u>(924,477)</u>	<u>(711,998)</u>
Net current assets		<u>371,354</u>	<u>66,963</u>
Total assets less current liabilities		479,059	672,483
Defined benefit pension scheme liability	21	<u>(7,020,000)</u>	<u>(4,480,000)</u>
Net liabilities including pension scheme liabilities		<u>(6,540,941)</u>	<u>(3,807,517)</u>
Charity funds			
Restricted funds	15	82,987	295,900
Unrestricted funds:			
General fund	15	396,072	376,583
Pension reserve	15	<u>(7,020,000)</u>	<u>(4,480,000)</u>
	15	<u>(6,623,928)</u>	<u>(4,103,417)</u>
Total funds		<u>(6,540,941)</u>	<u>(3,807,517)</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

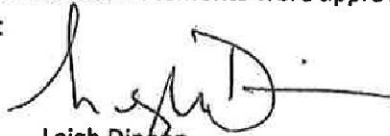
The directors acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.


**CELTIC LEISURE
BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021**

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


Leigh Dineen


Harold Worth

Date: 7.12.21

The notes on pages 20 to 38 form part of these financial statements.

CELTIC LEISURE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
		£	£
Cash flows from operating activities			
Net cash generated from/(used in) operating activities	17	<u>271,757</u>	<u>(50,281)</u>
Cash flows from investing activities			
Dividends, interests and rents from investments	5	-	1,839
Proceeds from the sale of tangible fixed assets		150,000	-
Purchase of tangible fixed assets	11	-	(363,618)
Net cash used in investing activities		<u>150,000</u>	<u>(361,779)</u>
Change in cash and cash equivalents in the year		421,757	(412,060)
Cash and cash equivalents at the beginning of the year	18	464,908	876,968
Cash and cash equivalents at the end of the year	18	<u>886,665</u>	<u>464,908</u>

The notes on pages 20 to 38 form part of these financial statements

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. General information

The company is a charitable company and has no share capital. The members of the Company are the Trustees named on page 1. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company. The registered office is noted within the reference and administrative details within the trustees report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102. The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

On 7 December 2020, Neath Port Talbot County Borough Council (NPTCBC) published an invitation to tender for the contract for the provision/management of leisure services within Neath Port Talbot County Borough Council.

These services are currently provided by Celtic Leisure and Celtic Leisure has not submitted in response to this invitation to tender.

As a result, it is expected Celtic Leisure will exit its current contract with NPTCBC upon the appointment of a successor which is expected to be around the Spring of 2022.

It is the intention of the Trustees to liquidate Celtic Leisure as soon as reasonably possible on exiting the contract with NPTCBC. As a result, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such costs were committed at the balance sheet date.

2.3 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Income from grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income from grants is deferred only when the terms and conditions of the grant permit the income to be deferred to future periods.

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

Certain income is received in advance of the provision of the relevant service and as such is deferred until the service commences.

The management fee is an unrestricted fund which is available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company. The income is invoiced and recognised in the period to which it relates.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs. All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

Depreciation is provided on the following bases:

Leasehold improvements	- Over the life of the lease
Plant and machinery	- 20.0% p.a.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.8 Debtors

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

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.11 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.13 Pensions

Defined contribution

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

Defined benefit

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The Trust operates a defined benefit pension scheme. The scheme, the City and County of Swansea Pension Fund, is a multi-employer defined benefit scheme. This is part of the Local Government Pension Scheme (the "LGPS").

On the 1 April 2015 the Trust was admitted to the Local Government Superannuation Scheme (LGPS), a defined benefit scheme. The funding deficit accruing to 31 March 2015 in respect of employees relocating to Celtic Leisure was retained by the City and Council of Swansea. The Trust is, therefore, only responsible for any increase in liabilities occurring after the transfer date, with the Authority acting as guarantor for the previously accrued net deficit.

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings Scheme. Details of the benefits earned over the period covered by this disclosure are set out in "The Local Government Pensions Scheme Regulations 2016" and "The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014".

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.

Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. An actuarial valuation of the Fund was carried out at 31 March 2019 and as part of that valuation a new Rates and Adjustment Certificate was produced for the three-year period from 1 April 2017.

The Fund Administering Authority, City and County of Swansea, is responsible for the governance of the fund.

2.14 Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

2.15 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

3. Critical accounting estimates and areas of judgment (continued)

Defined benefit pension scheme

As set out in notes, the charity operates a defined benefit pension scheme for all qualifying employees. The accounting cost of these benefits and the present value of the pension liabilities involved judgements about uncertain events including such factors as the life expectancy of members, the salary progression of current employees, price inflation and the discount rate used to calculate the net present value of the future pension payments. Estimates are used for all of these factors in determining the pension costs and liabilities incorporated in the financial statements. The assumptions reflect historical experience and judgement regarding future expectations and external actuarial specialists are also used to assist the exercise.

Estimation of tangible fixed asset useful lives

The useful economic life used to depreciate tangible fixed assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefits will be derived from the assets.

4. Income from charitable activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Leisure and cultural activities	466,418	-	466,418
Management fees	1,436,025	-	1,436,025
Grants received	1,540,000	1,954,934	3,494,934
Total 2021	3,442,443	1,954,934	5,397,377

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Leisure and cultural activities	4,452,259	-	4,452,259
Management fees	1,592,883	-	1,592,883
Grants received		347,645	347,645
Total 2020	6,045,142	347,645	6,392,787

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £
Interest receivable	-	-
	Unrestricted funds 2020 £	Total funds 2020 £
Interest receivable	1,839	1,839

6. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Leisure and cultural activities	3,952,954	2,167,847	6,120,801
	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Leisure and cultural activities	7,154,153	51,745	7,205,898

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

7. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Governance costs 2021 £	Total funds 2021 £
Leisure and cultural activities	6,102,112	18,689	6,120,801

	Activities undertaken directly 2020 £	Governance costs 2020 £	Total funds 2020 £
Leisure and cultural activities	7,190,814	15,084	7,205,898

Analysis of direct costs

	Total funds 2021 £	Total funds 2020 £
Pension finance costs	100,000	80,000
Staff costs	4,278,681	4,529,744
Depreciation	347,812	279,230
Premises costs	860,585	1,099,992
Transport costs	10,692	15,049
Supplies and services costs	336,582	916,466
Support services costs	186,449	270,333
	6,120,801	7,190,814

8. Auditors' remuneration

The auditors' remuneration amounts to an audit fee of £15,000 (2020 - £17,700).

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

9. Staff costs

	2021	2020
	£	£
Wages and salaries	3,351,055	3,278,639
Social security costs	201,001	194,480
Contribution to defined contribution pension schemes	36,625	36,625
Operating costs of defined benefit pension schemes	690,000	1,020,000
	4,278,681	4,529,744

The average number of persons employed by the company during the year was as follows:

	2021	2020
	No.	No.
Administration	23	24
Leisure	248	264
	271	288

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021	2020
	No.	No.
In the band £80,001 - £90,000	1	1

Key management compensation

Key management compensation includes members of senior management. The compensation paid or payable to key management for employee service totalled £255,105 (2020: £275,355).

10. Trustees' remuneration and expenses

During the period two trustees, received remuneration from their employment with the charity but not for their services as a Trustee.

The Memorandum and Articles of Association of the charity provides the charity with the legal authority to make such payments.

The employees are a staff representative on the Trustee board.

No Trustees were reimbursed for expenses during the current or prior period.

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Total £
Cost			
At 1 April 2020	142,549	1,094,909	1,237,458
Additions	-	-	-
Disposals	-	(643,349)	(643,349)
At 31 March 2021	<u>142,549</u>	<u>451,560</u>	<u>594,109</u>
Depreciation			
At 1 April 2020	87,016	544,922	631,938
Charge for the year	39,084	308,728	347,812
Disposals	-	(493,346)	(493,346)
At 31 March 2021	<u>126,100</u>	<u>360,304</u>	<u>486,404</u>
Net book value			
At 31 March 2021	<u>16,449</u>	<u>91,256</u>	<u>107,705</u>
At 31 March 2020	<u>55,533</u>	<u>549,987</u>	<u>605,520</u>

12. Stocks

	2021 £	2021 £
Finished goods and goods for resale	<u>25,862</u>	<u>25,101</u>

13. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	58,279	30,405
Prepayments and accrued income	325,025	258,547
	<u>383,304</u>	<u>288,952</u>

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

14. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	80,073	145,146
Other taxation and social security	148,822	103,393
Other creditors	13,676	43,415
Accruals and deferred income	681,906	420,044
	924,477	711,998

Trade creditors at 31 March 2021 include an aggregate amount of £44,475 (2020: £58,353) due to Neath Port Talbot County Borough Council in respect of recharges from the Council.

Contained in the accruals and deferred balance above is deferred income in relation to memberships and ticket sale income which relates to the 2021/22 financial year:

	2021	2020
	£	£
Balance brought forward	67,878	-
Income received in the year	500,187	4,520,137
Released to income	(466,418)	(4,452,259)
Balance carried forward	101,647	67,878

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. Statement of funds

Current year

	Balance at 1 April 2020 £	Income	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted funds:					
General Fund	376,583	3,442,443	(3,422,954)	-	396,072
Pension reserve	(4,480,000)	-	(530,000)	(2,010,000)	(7,020,000)
Total Unrestricted funds	(4,103,417)	3,442,443	(3,952,954)	(2,010,000)	(6,623,928)
Restricted funds:					
Arts Council of Wales	-	186,535	(186,535)	-	-
3G pitches (note 20)	295,900	-	(212,913)	-	82,987
Sports Resilience Fund	-	38,000	(38,000)	-	-
Welsh Government Over 60's grant	-	49,972	(49,972)	-	-
HMRC Coronavirus Job Retention Scheme	-	1,680,427	(1,680,427)	-	-
Total Restricted funds	295,900	1,954,934	(2,167,847)	-	82,987
Total funds	(3,807,517)	5,397,377	(6,120,801)	(2,010,000)	(6,540,941)

Arts Council of Wales: grant was received to support the Gwyn Hall Theatre during the COVID 19 pandemic.

3G pitches: grants were received from Welsh Government and Sports Council Wales in respect of providing 3G Pitches at Pontardawe and Neath Sports Centre, see note 20 for further details.

Sports Resilience Fund: supported floodlight upgrades at Pontardawe 3G pitch (£22,000), concierge tablets for 6 sites (£6,000) and headsets for class instructors (£10,000).

Welsh Government Over 60s grant: funding received to support activities for members of the public over 60.

HMRC Coronavirus Job Retention Scheme received from Welsh Government being provided to give support to business 'during the Covid 19 pandemic.

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. Statement of funds (continued)

Prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2020 £
Unrestricted funds					
General Fund	643,755	6,046,981	(6,314,153)	-	376,583
Pension reserve	(3,390,000)	-	(840,000)	(250,000)	(4,480,000)
	<u>(2,746,245)</u>	<u>6,046,981</u>	<u>(7,154,153)</u>	<u>(250,000)</u>	<u>(4,103,417)</u>
Restricted funds					
3G Pitches (note 20)	-	347,645	(51,745)	-	295,900
Total of funds	<u>(2,746,245)</u>	<u>6,394,626</u>	<u>(7,205,898)</u>	<u>(250,000)</u>	<u>(3,807,517)</u>

16. Analysis of net assets between funds

Current period

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	24,718	82,987	107,705
Current assets	1,295,831	-	1,295,831
Creditors due within one year	(924,477)	-	(924,477)
Defined benefit pension scheme	(7,020,000)	-	(7,020,000)
Total	<u>(6,623,928)</u>	<u>82,987</u>	<u>(6,540,941)</u>

Prior period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	309,620	295,900	605,520
Current assets	778,961	-	778,961
Creditors due within one year	(711,998)	-	(711,998)
Provisions for liabilities and charges	(4,480,000)	-	(4,480,000)
Total	<u>(4,103,417)</u>	<u>295,900</u>	<u>(3,807,517)</u>

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

17. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the period (as per Statement of Financial Activities)	(723,424)	(811,272)
Adjustments for:		
Depreciation charges	347,812	279,230
Dividends, interests and rents from investments	-	(1,839)
(Increase)/decrease in stocks	(761)	12,612
(Increase) in debtors	(94,352)	(102,635)
Increase/(decrease) in creditors	212,482	(266,377)
Pension cost less contributions	530,000	840,000
Net cash (used in)/provided by operating activities	271,757	(50,281)

18. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	4,250	4,306
Notice deposits (less than 3 months)	882,415	460,602
Total cash and cash equivalents	886,665	464,908

19. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash and cash equivalents	464,908	421,757	886,665
	464,908	421,757	886,665

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Analysis of changes in net debt – prior period			
Cash and cash equivalents	876,968	(412,060)	464,908
	876,968	(412,060)	464,908

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

20. Contingent liabilities

In 2020 the Charity received a grant from Welsh Government during 2020 of £126,164 in respect of the development of a 3G Artificial Turf facility at Parc Ynysderw, Pontardawe. As set out in note 2.2, it is expected that the current contract with NPTCBC will expire during 2021 and the intention of the Trustees is to liquidate the Company as soon as reasonably possible upon exiting the contract. In these circumstances, under the terms of the grant, Celtic Leisure could be liable to repay the grant in full. However, the Trustees believe that the new contractor will be required, under the terms of the transfer, to satisfy the terms and conditions of the grant and continue to operate the 3G pitch for the benefit of the community and clubs in the area. Accordingly, the Trustees do not believe that the Charity will be liable to repay any of the grant monies and, therefore, no liability to repay was recognised at 31 March 2020 or 31 March 2021.

21. Pension commitments

The Company participates in a defined benefit pension scheme.

Celtic Leisure contributes to the City and County of Swansea Pension Scheme (which is a multi-employer defined benefit scheme).

The valuation of the fund and the pension costs are assessed with the advice of a qualified independent actuary, using the projected unit method. The most recent actuarial valuation of the City and County of Swansea Pension Fund (the "Fund") was carried out at 31 March 2019.

In accordance with the requirements of FRS 102, a qualified independent actuary updated the results of the valuation, based on information supplied by the scheme administrators, in order to ascertain the valuation of the scheme at 31 March 2021.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate at 31 March	2.10	2.30
Future salary increases	4.10	3.30
Future pension increases	2.60	1.80
Rate of inflation - RPI	2.60	1.80
Rate of inflation - CPI	2.60	1.80

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

21. Pension commitments (continued)

Longevity of current pensioners at age 65 is 22.3 (2020: 22.2) years for men and 24.3 (2020: 24.2) years for women. Longevity of future pensioners currently aged 45 at age 65 is 23.3 (2020: 23.2) years for men and 25.8 (2020: 25.7) years for women.

	At 31 March 2021 £	At 31 March 2020 £
Equities	14,247,360	10,968,160
Debt instruments	2,111,400	1,538,900
Property	716,040	531,620
Cash and other liquid assets	330,480	433,690
Other	954,720	517,630
Total fair value of assets	18,360,000	13,990,000

The actual return on scheme assets was £4,250,000 (2020 - £1,230,000).

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

	2021 £	2020 £
Current service cost	690,000	750,000
Past service cost	-	270,000
Interest on obligation	420,000	460,000
Expected return on scheme assets	(320,000)	(380,000)
Total amount recognised in the Statement of Financial Activities	790,000	1,100,000

Movements in the present value of the defined benefit obligation were as follows:

	2021 £
Opening defined benefit obligation	18,470,000
Current service cost	690,000
Interest cost	420,000
Contributions by scheme participants	120,000
Actuarial gains	5,940,000
Benefits paid	(260,000)
Closing defined benefit obligation	25,380,000

CELTIC LEISURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

21. Pension commitments (continued)

Movements in the fair value of the Company's share of scheme assets were as follows:

	2021 £
Opening fair value of scheme assets	13,990,000
Expected return on assets	320,000
Actuarial losses	3,930,000
Contributions by employer	260,000
Contributions by scheme participants	120,000
Benefits paid	(260,000)
Closing fair value of scheme assets	<u>18,360,000</u>

The Company also operates a Defined Contributions Pension Scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £36,598 (2020: £36,625).

22. Operating lease commitments

At 31 March 2021 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	3,572	11,892
Later than 1 year and not later than 5 years	410	8,845
	<u>3,982</u>	<u>20,737</u>

23. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

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24. Related party transactions

The Trustees of Celtic Leisure are related parties. Trustees' emoluments are disclosed in note 10 to the financial statements. 2 Trustees holding office during the year ended 31 March 2021 (2020: 3) were contributing members for the defined benefit pension scheme.

Celtic Leisure receives a management fee from Neath Port Talbot Country Borough Council ("the Council") which is disclosed in note 4. Celtic Leisure also makes charges to and incurs recharges from the Council. Balances included in debtors and creditors which relate to amounts due from/to the Council are disclosed in notes 13 and 14 to the financial statements.

During the year the Charity entered into an indemnity agreement with NPT CBC. The consideration for the indemnity was the sale of assets to NPT CBC for a value of £150,000.

25. Post balance sheet events

On 7 December 2020, Neath Port Talbot County Borough Council (NPTCBC) published an invitation to tender for the contract for the provision/management of leisure services within Neath Port Talbot County Borough Council. These services are currently provided by the charity. Celtic Leisure have not submitted a response to this invitation to tender. As a result, it is expected the Company will exit its current contract with NPTCBC upon the appointment of a successor, which is expected to be in Spring 2022.

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26. Comparative statement of financial activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2020 £
Income from:			
Charitable activities	6,045,142	347,645	6,392,787
Investments	1,839	-	1,839
Total income	<u>6,046,981</u>	<u>347,645</u>	<u>6,394,626</u>
Expenditure on:			
Charitable activities	7,154,153	51,745	7,205,898
Total expenditure	<u>7,154,153</u>	<u>51,745</u>	<u>7,205,898</u>
Net outgoing resources	(1,107,172)	295,900	(811,272)
Other recognised gains/(losses):			
Actuarial losses on defined benefit pension schemes	(250,000)	-	(250,000)
Net movement in funds	<u>(1,357,172)</u>	<u>295,900</u>	<u>(1,061,272)</u>
Reconciliation of funds:			
Total funds brought forward	(2,746,245)	-	(2,746,245)
Net movement in funds	(1,357,172)	295,900	(1,061,272)
Total funds carried forward	<u>(4,103,417)</u>	<u>295,900</u>	<u>(3,807,517)</u>

