

REGISTERED COMPANY NUMBER: 04270411 (England and Wales)
REGISTERED CHARITY NUMBER: 1090528

REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023
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 2023

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2023

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 2023. 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
Peter Baron
Cllr Munsif Dad BEM (Resigned 21st June 2022)
Ken Moss (Appointed 25th August 2022, Resigned on 11th May 2023)
Melissa Fisher (Appointed on 1st August 2023)
Lorraine Cox (Appointed on 1st August 2023)

Key Management Personnel

Lyndsey Sims
Joanne Mortimer
Linda Horsfield

Company Secretary

Lyndsey Sims

Position

Chief Executive
Head of Operations & Strategic Projects
Head of Health & Community Development

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

**HYNDBURN LEISURE
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2023**

FOREWORD BY CHAIR

Welcome to Hyndburn Leisure's Annual Report for the financial year 2022/23. This report provides an overview of our main areas of activity, highlights achievements and outlines future plans.

2022/23 was the second financial year that the Trust operated without a management grant from Hyndburn BC. The Trust continues to work hard to maximise income and reduce expenditure, whilst delivering positive health outcomes for our community and providing paid employment for a large number of Hyndburn residents.

Since 2008/09, the management fee paid to the Trust by Hyndburn BC has reduced from £1.2 million to zero. The year on year reductions to the management fee have provided cumulative savings for the Council of over £9 million.

It has not been easy. In the 2022/23 financial year, we saw our energy costs increase significantly, and the cost of living increase sharply, with inflation hitting 11% in October 2022. We also operate facilities which are in need of major capital investment, which has affected the Trust's ability to grow back to pre-covid participation levels at some sites. Collectively, this had a profound impact on the business.

Despite that, we should reflect on 2022/23 with a huge amount of pride. Our successes include: inspiring and supporting 712 inactive people with at least one long term health condition to engage in the Lifestyle Hub, securing £450k of National Lottery funding to coordinate a health and care project on behalf of the Borough, investing over £300k into maintenance, repairs and capital developments across all facilities, supporting 167 people every week at Cardiac Rehabilitation classes and bringing together a range of fantastic local partners to plan and deliver a series of park events, attracting high numbers of young people and families.

None of this would be possible without the dedication, passion and commitment of our employees, so thank you to all of you. Our employees continue to be our strongest asset - going above and beyond to deliver high-quality services and experiences for our customers.

We continue to operate in a challenging landscape. Energy prices are due to grow further in 2023/24 when the energy price cap is removed and our employees and supply costs continue to grow, linked to inflation. These factors make operating public facilities without a subsidy even more challenging, particularly at Hyndburn Leisure Centre, due to the energy required to heat and operate swimming pools.

As a charitable trust, every penny that we make goes back into our community. Our approach is the same as it's always been. We work with our local council and Board of Trustees as well as other trusted and valuable partners to deliver the programmes local people want and need, and we'll continue to do so. We're embedded in Hyndburn, and we listen.

Despite the challenges that the pandemic, energy crisis and cost of living crisis have brought, the Trust is focused on recovering from the effects of these external factors and remains determined to impact positively on the health and wellbeing of our community, providing bespoke opportunities and programmes to meet the needs of the local population, with a commitment to providing inclusive, supportive & welcoming environments for people from across the Borough and surrounding areas.

We're determined to work hard to maximise our income and reduce our expenditure, all while delivering positive health outcomes and providing paid employment to a significant number of local residents. With the help of our incredible people and partners, we know we'll get there.

Ciaran Wells

Chair – Ciaran Wells

**HYNDBURN LEISURE
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2023**

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 Trustees.

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.

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.

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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2023**

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 two community centres. Council facilities include; Hyndburn Leisure Centre, Mercer Hall Leisure Centre, Accrington Town Hall, Wilson's Playing Fields Athletics track, Bank Mill House and Oswaldtwistle West End. The facilities estate includes; one swimming pool, two state-of-the-art gyms, a soft play centre, two thermal suites, three squash courts and an events and entertainment venue.

There are two Council nominated trustee on the Board. In addition, the Chief Executive of the Trust has regular meetings with the Executive Director (Resources), who is the Trust's liaison, who also attends Board meetings.

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, the Head of Operations & Strategic Projects and the Head of Health & Community Development. The total employee benefits of the key management personnel of the charity were £144,280 (2022: £121,024), in addition employer pension contributions of £23,006 (2022: £21,088) 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.

OBJECTIVES AND ACHIEVEMENTS

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.

We want to help our community to feel healthier and more connected. This takes many forms, from learning a life skill like swimming, to dancing it out at a high energy Zumba class with friends. Alongside Accrington Town Hall and three Community Centres hosting a wide range of cultural activities, we're helping people to learn, celebrate, and connect.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2023

ACHIEVEMENTS AND PERFORMANCE

Here at Hyndburn Leisure, we can and will continue to play a vital role in helping our community. We're particularly committed to helping those from marginalised and disadvantaged backgrounds improve their physical and mental health outcomes.

Some operational highlights include:

- Learn to Swim membership at Hyndburn Leisure Centre and Accrington Academy has grown to over 1000. In comparison - pre-covid, the Trust had 642 young people enrolled on the Learn to Swim programme.
- 3118 places have been provided on school holiday, activity and food sessions for young people who are eligible for free school meals.
- There has been a 12% increase in bookings at Accrington Town Hall
- The Trust deliver 76 school swimming lessons per week at Hyndburn Leisure Centre and Accrington Academy.
- A capital refurbishment programme was completed at Clayton Community Centre and the facility re-opened in July 2022 to the community. We now host a growing programme of community activity including; boxing, a choir, exercise classes, early years sessions and a local heritage project.
- Attendances at Adventure City grew from 12,508 in 2021/22 to 23,400 in 2022/23.
- The Trust brought together a range of fantastic local partners to plan and deliver a series of park events, attracting high numbers of young people and families.
- The Trust secured £450k of National Lottery funding to coordinate a health and care project on behalf of the Borough.
- 712 Inactive people with at least one long term health condition engaged in the Lifestyle Hub
- 167 attendances every week at Cardiac Rehabilitation classes
- Over £300k invested into maintenance, repairs and capital developments across all facilities
- Almost £2 million of commissions, donations & external grants secured
- Over £900k of funding distributed to residents, businesses, charities and groups across Hyndburn
- 2163 Fitness Member sign ups
- 73% of our employees live in Hyndburn and 43% of employees age 25 or under
- 52 people have been supported to gain or maintain their National Pool Lifeguard Qualification
- 83 sports clubs and groups hosted across our facilities

The Leisure Trust's work continues to centre around improving health outcomes and reducing inequalities for our community. We support participants across a range of services including:

- Cardiac Rehabilitation Phase 4
- Tier 2 Weight Management
- Active Lifestyles Hub (Exercise referral)

We are most proud of the positive impact that these programmes have on people's lives. Helping them to improve their health, often managing long term conditions more effectively and generally improving their overall wellbeing.

We also lead and contribute to a range of projects on behalf of the Borough including:

- Household Support Fund
- National Lottery Healthier Communities Programme (Hyndburn Way)
- Business Health Matters
- Together an Active Future (known locally as Let's Move Hyndburn)
- Holiday Activities Food programme (known locally as Fun with Food & Friends)
- Play and Skills at Teatime Activities

The Future

We're keen to continue to move forward. For 2023/2024, we'll be focusing on growing participation to match - or exceed - pre-pandemic levels. We'll keep providing welcoming experiences. We'll keep supporting people to learn new skills and build positive health behaviours. We'll keep helping them find enjoyable activities. Above all, we'll keep looking after our community.

In 2023/24 and beyond, we'll continue to make our community better by improving the health and happiness of the people who live and work in Hyndburn, but through culture, arts and heritage as well as leisure and sport. We're really excited about this development, and will continue working closely with our Board and trusted partners as well as actively listening to local people to deliver the programmes and events they want and need.

The Trust launches its new 3-year business strategy in March 2024. We are proud of the direction and impact of our work, but also recognise that there's so much more to do. We feel Hyndburn is a vibrant, culturally diverse place to live and work, but not everyone shares that experience. Hyndburn is the 16th most deprived local authority in England, cultural engagement is low, and almost 1 in 3 adults here live an inactive lifestyle. Living healthier, more connected lives is more than a nice-to-have; it's a must-have - and our Trust has a key role to play in delivering this change.

Our mission remains relatively unchanged. It is a living, breathing thing; an approach that underpins every aspect of our work. – *"We inspire people to live healthier, happier lives through leisure, sport and culture – and help make our community a better place for everyone."*

Our new company vision is unapologetically ambitious. It's a statement of intent: where we want to be; where we see our future – *"Improving health – Building community – Transforming lives"*

Our new company values have been designed and agreed by our workforce and Board. They help to guide our work and our plans for the future and are – *Aspire, Inspire and Unite'*

We have four major pillars to our strategy: People, Provision, Partnerships and Performance

We have identified 10 key themes through which we'll set out to transform our vision into a reality. These are;

- An active, healthy start
- An active, healthy life
- Culture, arts and heritage
- Community development
- Facility development
- Environmental sustainability
- Workforce
- Digital
- Hospitality
- Marketing and engagement

Our progress against each of these themes will be measured through an outcomes framework and reported within our annual impact report.

**HYNDBURN LEISURE
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2023**

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 2023.

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 and proposed savings, 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.

Total income for the year 2022/23 was £4,583,647 (2021/22: £3,664,924), an increase of 25%. This was the effect of COVID-19 lockdowns and the impact it had on the operation of leisure and arts facilities in the prior year.

Total expenditure for the year 2022/23 was £5,712,461 (2021/22: £4,112,159), an increase of 39%. This was a result of the facilities being operational again after the COVID-19 lockdowns, and the increase in pension operating charges.

The trust had an overall funds deficit as at 31 March 2023 of £380,453 (2022: £4,249,639), the main component of change in the year was in the pension scheme which experienced a £4,553,000 increase and was a balance sheet asset of £1,247,000 at the year end. The pension scheme was a liability of £3,306,000 in the previous year.

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.

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 at least £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 & charges, therefore the charity is open to a number of risks which can negatively impact upon the sustainability of the organisation including:

- 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
- Changes in assumptions in relation to the defined pension scheme liabilities
- Volatility within the investments held within the defined benefit pension scheme
- Uncontrollable increases in the wholesale price of gas and electric
- The UK cost of living crisis currently being experienced.

**HYNDBURN LEISURE
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2023**

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 29th February 2024 and signed on its behalf by

Ciaran Wells

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 2023 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 2023 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.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

We draw attention to the Accounting Policies, which highlight the charity's reliance on the support from Hyndburn Borough Council. The board members have concluded that the charity remains a going concern, however these events mean a material uncertainty exists that may cast 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.

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

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: 29th February 2024

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2023

	Notes	Unrestricted funds £	Restricted funds £	31.3.23 Total funds £	31.3.22 Total Funds £
INCOME					
Income from donations					
Donations	2	270,325	-	270,325	466,325
Income from charitable activities	3				
Operation of sports facilities		2,202,201	1,843,651	4,045,852	2,773,941
Operation of town hall and similar buildings		234,505	17,500	252,005	237,827
Income from other activities	4				
Commercial operations		14,414	-	14,414	186,776
Investments		<u>1,051</u>	<u>-</u>	<u>1,051</u>	<u>55</u>
Total income		2,722,496	1,861,151	4,583,647	3,664,924
EXPENDITURE					
Charitable activities	5				
Operation of sports facilities		3,057,923	1,593,019	4,650,942	3,365,199
Operation of town hall and similar buildings		596,311	20,208	616,519	379,960
Pension operating charge		356,000	-	356,000	282,000
Net Interest on pension scheme liability	18	<u>89,000</u>	<u>-</u>	<u>89,000</u>	<u>85,000</u>
Total expenditure		<u>4,099,234</u>	<u>1,613,227</u>	<u>5,712,461</u>	<u>4,112,159</u>
NET INCOME/(EXPENDITURE)		(1,376,738)	247,924	(1,128,814)	(447,235)
Transfers between funds		<u>77,564</u>	<u>(77,564)</u>	<u>-</u>	<u>-</u>
		<u>(1,299,174)</u>	<u>170,360</u>	<u>(1,128,814)</u>	<u>(447,235)</u>
Other recognised gains and losses					
Pension scheme actuarial gain/(loss)	18	<u>4,998,000</u>	<u>-</u>	<u>4,998,000</u>	<u>1,201,000</u>
NET MOVEMENT IN FUNDS		3,698,826	170,360	3,869,186	753,765

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2023

	Notes	Unrestricted funds £	Restricted funds £	31.3.23 Total funds £	31.3.22 Total Funds £
NET MOVEMENT IN FUNDS		3,698,826	170,360	3,869,186	753,765
RECONCILIATION OF FUNDS					
Total funds brought forward		(4,303,201)	53,562	(4,249,639)	(5,003,404)
TOTAL FUNDS CARRIED FORWARD		<u>(604,375)</u>	<u>223,922</u>	<u>(380,453)</u>	<u>(4,249,639)</u>

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

All income and expenditure derive from continuing activities.

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AT 31ST MARCH 2023

	Notes	31.3.23 £	31.3.22 £
FIXED ASSETS			
Tangible assets	9	561,229	491,902
CURRENT ASSETS			
Stock	10	10,189	10,189
Debtors	11	389,343	434,350
Cash at bank and in hand		<u>344,008</u>	<u>347,543</u>
		743,540	792,082
CURRENT LIABILITIES			
Amounts falling due within one year	12	<u>(1,705,450)</u>	<u>(932,057)</u>
NET CURRENT LIABILITIES		<u>(961,910)</u>	<u>(139,975)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(400,681)	351,927
LONG TERM LIABILITIES			
Amounts falling due after more than one year	13	<u>(1,226,772)</u>	<u>(1,295,566)</u>
NET LIABILITIES EXCLUDING PENSION DEFICIT		<u>(1,627,453)</u>	<u>(943,639)</u>
PENSION SCHEME SURPLUS/(DEFICIT)	18	<u>1,247,000</u>	<u>(3,306,000)</u>
NET LIABILITIES INCLUDING PENSION DEFICIT		<u>(380,453)</u>	<u>(4,249,639)</u>
FUNDS			
Unrestricted funds	16	(1,851,375)	(997,201)
Restricted funds	17	223,922	53,562
Pension scheme surplus/(deficit)	18	<u>1,247,000</u>	<u>(3,306,000)</u>
TOTAL FUNDS		<u>(380,453)</u>	<u>(4,249,639)</u>

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

**BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH 2023**

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 29th February 2024 and were signed on its behalf by:

Ciaran Wells

Ciaran Wells
Trustee/Chair of the Board

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2023

	Notes	31.3.23 £	31.3.22 £
Cash flows from charitable activities			
Cash generated from activities	1	<u>294,315</u>	<u>391,957</u>
Net cash from charitable activities		<u>294,315</u>	<u>391,957</u>
 Cash flows from investing activities			
Interest income		1,051	55
Interest paid		(36,080)	(33,009)
Sale proceeds		225	1,350
Purchase of tangible fixed assets		<u>(157,640)</u>	<u>(251,445)</u>
Net cash from investing activities		<u>(192,444)</u>	<u>(283,049)</u>
 Cash flows from financing activities			
New borrowings in the year		-	-
Capital repayments in the year		<u>(105,406)</u>	<u>(95,252)</u>
Net cash from financing activities		<u>(105,406)</u>	<u>(95,252)</u>
 Increase/(decrease) in cash and cash equivalents		<u>(3,535)</u>	<u>13,656</u>
 Cash and cash equivalents at the beginning of the year	2	<u>347,543</u>	<u>333,887</u>
Cash and cash equivalents at the end of the year	2	<u><u>344,008</u></u>	<u><u>347,543</u></u>

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2023

1. RECONCILIATION OF DEFICIT TO CASH GENERATED FROM ACTIVITIES

	31.3.23	31.3.22
	£	£
Deficit for the year (before gains and losses on the pension scheme)	(1,128,814)	(447,235)
Interest receivable	(1,051)	(55)
Interest payable	36,080	33,009
Depreciation charges	88,313	84,489
Pension scheme operating and interest costs	445,000	367,000
Profit and loss on the disposal of assets	(225)	(1,350)
	(560,697)	35,858
Decrease/(increase) in stocks	-	(4,009)
Decrease/(increase) in trade and other debtors	45,007	(91,442)
(Decrease)/Increase in trade and other creditors	810,005	451,550
Cash generated from charitable activities	294,315	391,957

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 2023

	31.3.23	1.4.22
	£	£
Cash and cash equivalents	344,008	347,543

Year ended 31st March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	347,543	333,887

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

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 confirmed their commitment to financial support of the charity, including continued support of the charity in its cash flow requirements within agreed terms and levels. The trustees have considered this support, along with the cashflow forecasts and budgets. 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 2023

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.

Freehold property	- 2% Straight line
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 2023

2. DONATIONS

	31.3.23	31.3.22
	£	£
Gifts in kind – use of buildings	270,325	270,325
Donated assets	-	196,000
	<u>270,325</u>	<u>466,325</u>

In 2022, of the total donation income, £466,325 was unrestricted funds.

During the prior year the charity was donated Clayton Civic Hall from Hyndburn Borough Council. The property was valued at £196,000 at the date of transfer.

3. CHARITABLE ACTIVITIES

	31.3.23	31.3.22
	£	£
Unrestricted income:		
Grants from Hyndburn Borough Council	280,540	-
Covid-19 grant from Hyndburn Borough Council	-	108,395
Local council Covid-19 business grants	-	78,551
Operational income from Hyndburn Borough Council	49,813	86,542
Job retention scheme grants	-	8,562
Income from the operation of leisure and arts facilities	<u>2,106,353</u>	<u>1,570,432</u>
	2,436,706	1,852,482
Restricted income:		
Bridging Communities	7,400	99,702
Business Health Matters	96,931	16,500
Cardiac Grant	16,668	-
Community Champions Fund	-	147,891
Community Ownership Fund	185,016	-
Culture and Heritage Fund	462	-
Events at Accrington Town Hall	18,677	109
Fixed assets	-	1,055
Green Gym	-	2,240
Healthier Communities	145,555	31,790
Holiday Activity Fund	404,228	349,381
Household Support Fund	728,788	131,595
Innovate UK	2,926	-
Lancashire environmental fund	-	30,000
National Lottery Grant	8,328	119,690
PASTA	38,375	7,235
Phase 4 at Accrington Town Hall	-	2,033
Suicide Prevention Fund	101	-
Together an Active Future – Sport England	142,801	143,614
Warm Space Grant	500	-
Weight Management – Lancashire County Council	64,395	76,451
	<u>1,861,151</u>	<u>1,159,286</u>
	<u>4,297,857</u>	<u>3,011,768</u>

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

4. OTHER ACTIVITIES – COMMERCIAL OPERATIONS

	31.3.23	31.3.22
	£	£
Income from delivery of the Covid Community Hub	-	186,776
Other commercial income	<u>14,414</u>	<u>-</u>
	<u>14,414</u>	<u>186,776</u>

In 2022, of the total other activities income, £186,776 was unrestricted funds.

5. EXPENDITURE ON CHARITABLE ACTIVITIES - 2023

	Sports facilities	Town hall & buildings	Total 2023
	£	£	£
Unrestricted expenses:			
Costs directly allocated to activities:			
Salaries, NI and pensions	1,203,188	278,635	1,481,823
Other staff costs	8,396	2,420	10,816
Premises costs	654,262	84,855	739,117
Promotions and marketing	1,772	2,150	3,922
Depreciation	81,498	202	81,700
Profit and loss on disposal	225	-	225
Gifts in kind – use of buildings	270,325	-	270,325
Other costs	<u>190,141</u>	<u>99,081</u>	<u>289,222</u>
	2,409,807	467,343	2,877,150
Support and governance costs allocated:			
Support costs (note 6)	624,734	124,408	749,142
Governance costs (note 6)	<u>23,382</u>	<u>4,560</u>	<u>27,942</u>
	648,116	128,968	777,084
	<u>3,057,923</u>	<u>596,311</u>	<u>3,654,234</u>
Restricted expenses (note 17):			
Salaries, NI and pensions	556,103	-	556,103
Other staff costs	1,015	-	1,015
Premises costs	2,214	-	2,214
Promotions and marketing	4,440	-	4,440
Depreciation	6,611	-	6,611
Project delivery costs	1,011,109	20,208	1,031,317
Other costs	<u>11,527</u>	<u>-</u>	<u>11,527</u>
	1,593,019	20,208	1,613,227
	<u>4,650,942</u>	<u>616,519</u>	<u>5,267,461</u>

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

5. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED) - 2022

	Sports facilities £	Town hall & buildings £	Total 2022 £
Unrestricted expenses:			
Costs directly allocated to activities:			
Salaries, NI and pensions	774,592	143,995	918,587
Other staff costs	7,272	2,530	9,802
Premises costs	449,964	78,432	528,396
Promotions and marketing	4,667	1,549	6,216
Depreciation	80,317	895	81,212
Notional cost of gym equipment	(1,350)	-	(1,350)
Gifts in kind – use of buildings	270,325	-	270,325
Bad and doubtful debts	7,053	-	7,053
Other costs	139,256	53,769	193,025
	1,732,096	281,170	2,013,266
Support and governance costs allocated:			
Support costs (note 6)	472,432	93,219	565,651
Governance costs (note 6)	32,805	5,571	38,376
	505,237	98,790	604,027
	<u>2,237,333</u>	<u>379,960</u>	<u>2,617,293</u>
Restricted expenses:			
Salaries, NI and pensions	656,551	-	656,551
Other staff costs	21	-	21
Premises costs	5,540	-	5,540
Promotions and marketing	220	-	220
Depreciation	3,153	-	3,153
Project delivery costs	13,721	-	13,721
Other costs	448,660	-	448,660
	1,127,866	-	1,127,866
	<u>3,365,199</u>	<u>379,960</u>	<u>3,745,159</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 two 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 2023

7. NET MOVEMENT IN FUNDS

Net resources are stated after charging:

	31.3.23	31.3.22
	£	£
Auditors' remuneration: Audit fee	8,200	8,200
Auditors' remuneration: Non-audit services	12,251	9,900
Operating lease rentals – other	458	2,629
Operating lease rentals – property	270,325	270,325
Indemnity insurance for trustees and senior staff	402	1,400
Depreciation	81,498	84,488
Profit and loss on disposal	225	<u>(1,350)</u>

8. STAFF COSTS

	31.3.23	31.3.22
	£	£
Wages and salaries	2,043,461	1,571,801
Social security costs	118,194	93,776
Other pension costs	278,256	<u>230,568</u>
	<u>2,439,911</u>	<u>1,896,145</u>

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

	31.3.23	31.3.22
Employees	157	133

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.

One employee was paid over £60,000 for the year ended 31st March 2023 but none for the year ended 31st March 2022. The number of employees whose total employee benefits excluding pension contributions earning over £60,000, classified within bands of £10,000 is as follows.

	31.3.23	31.3.22
£60,000-£69,999	1	-

Key management personnel of the charity comprise the trustees, the Chief Executive, the Head of Operations & Strategic Projects and the Head of Health & Community Development. The total employee benefits of the key management personnel of the charity were £144,280 (2022: £121,024), in addition employer pension contributions of £23,006 (2021: £21,088) were paid in respect of their services.

Trustees' Remuneration

No trustees received remuneration for their roles as trustees for the year ended 31st March 2023 nor for the year ended 31st March 2022.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31st March 2023 nor for the year ended 31st March 2022.

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Improvements to property £	Facilities £	Fxtures & Equipment £	Totals
COST					
At 1 st April 2022	235,231	435,602	371,163	1,304,268	2,346,264
Additlons	157,640	-			157,640
At 31 st March 2023	392,871	435,602	371,163	1,304,268	2,503,904
DEPRECIATION					
At 1 st April 2022	784	336,944	371,163	1,145,471	1,854,362
Charge for year	5,229	19,998	-	63,086	88,313
At 31 st March 2023	6,013	356,942	371,163	1,208,557	1,942,675
NET BOOK VALUE					
At 31 st March 2023	386,858	78,660	-	95,711	561,229
At 31 st March 2022	234,447	98,658	-	158,797	491,902

10. STOCK

	31.3.23 £	31.3.22 £
Bar stocks	6,771	6,771
Pool chemicals	1,085	1,085
Vending and food	2,333	2,333
	<u>10,189</u>	<u>10,189</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23 £	31.3.22 £
Trade debtors	86,395	79,363
Prepayments and accrued income	305,948	354,987
	<u>392,343</u>	<u>434,450</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.

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Trade creditors	122,398	-
Taxation and social security	87,992	44,743
Amounts owed to Hyndburn Borough Council	886,046	316,041
Hire purchase contracts	3,648	42,127
Accruals and deferred income	605,366	529,146
	<u>1,705,450</u>	<u>932,057</u>

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

	31.3.23	31.3.22
	£	£
Amounts owed to Hyndburn Borough Council	1,226,772	1,291,918
Hire purchase contracts	-	3,648
	<u>1,226,772</u>	<u>1,295,566</u>

Included in the above amount owed to Hyndburn Borough Council is an amount totalling £946,379 which is repayable in more than 5 years and by instalments. Hyndburn Borough Council have a fixed and floating charge over all assets of the charity in relation to all balances owed to them.

14. OPERATING LEASE COMMITMENTS

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

	31.3.23	31.3.22
	£	£
Expiry date:		
Within 1 year		
Between one and five years	-	438
	<u>-</u>	<u>438</u>

15. ANALYSIS OF NET LIABILITIES BETWEEN FUNDS

	Unrestricted funds	Restricted funds	31.3.23 Total funds	31.3.22 Total Funds
	£	£	£	£
Fixed assets	390,452	170,777	561,229	491,902
Current assets	690,395	53,145	743,540	792,082
Current liabilities	(1,705,450)	-	(1,705,450)	(932,057)
Long term liabilities	(1,226,772)	-	(1,226,772)	(1,295,566)
Pension scheme surplus	1,247,000	-	1,247,000	(3,306,000)
	<u>(604,375)</u>	<u>223,922</u>	<u>(380,453)</u>	<u>(4,249,639)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

16. UNRESTRICTED FUNDS

	Pension (deficit)/surplus £	General funds £	Designated funds £	Total funds £
Balance at 1 st April 2022	(3,306,000)	(999,282)	2,081	(4,344,792)
Net income / (expenditure)	4,553,000	(931,738)	-	3,621,259
Transfers between funds	-	78,173	(609)	77,564
	<u>1,247,000</u>	<u>(1,852,847)</u>	<u>1,472</u>	<u>(604,375)</u>

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 2022 £	Incoming resources £	Outgoing resources £	Fund transfers £	At 31 st March 2023 £
Project fund					
Bridging Communities	-	7,400	(7,400)	-	-
Business Health Matters	-	96,931	(96,931)	-	-
Cardiac Grant	-	16,668	(16,668)	-	-
Community Ownership Fund	-	185,016	(27,377)	(157,639)	-
Culture and Heritage Fund	-	462	(462)	-	-
Events at Accrington Town Hall	3,813	18,677	(20,208)	-	2,282
Fixed assets	19,749	-	(6,611)	157,639	170,777
Healthier Communities	-	145,555	(115,892)	(17,681)	11,982
Holiday Activity Fund	-	404,228	(333,190)	(58,723)	12,315
Household Support Fund	-	728,788	(728,788)	-	-
Innovate UK	-	2,926	(2,926)	-	-
Lancashire Environmental Fund	30,000	-	(30,000)	-	-
National Lottery Grant	-	8,328	-	-	8,328
PASTA	-	38,375	(18,977)	(1,160)	18,238
Suicide prevention Fund	-	101	(101)	-	-
Together an Active Fund	-	142,801	(142,801)	-	-
Warm Space Grant	-	500	(500)	-	-
Weight Management	-	64,395	(64,395)	-	-
	<u>53,562</u>	<u>1,861,151</u>	<u>(1,613,227)</u>	<u>(77,564)</u>	<u>223,922</u>

17. RESTRICTED FUNDS (CONTINUED)

Business Health Matters

The Business Health Matters programme has been developed to support local businesses in improving the physical and mental health of their employees so that staff are happier, healthier and more resilient.

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.

Community Ownership Fund

For the purposes of this Fund, community ownership refers to the ownership and management of local community assets by a community organisation in order to deliver benefits for the community and place. Community ownership of assets can boost local connections, participation and pride of place, and bolster community resilience.

Events at Accrington Town Hall

Funding from the council to contribute to events run from Accrington Town Hall.

Fixed Asset Fund

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

Healthier Communities

This programme was set up and funded to empower voluntary and community sector organisations to work together with the local health and care sector to boost the health and wellbeing of their communities.

Holiday Active Fund

The purpose of this funding was to make free places at holiday clubs available in the Summer, Spring, and Winter holiday periods to children in their local authority area in receipt of benefits-related free school meals.

Household Support Fund

The Household Support Fund, provided by the Department for Work and Pensions, was introduced in October 2021 last year to support vulnerable households with essentials like food, energy and water bills and household items.

Lancashire Environmental Fund

The Lancashire Environmental Fund (LEF) is a partnership between SUEZ Recycling and Recovery UK Ltd, Lancashire County Council, The Wildlife Trust for Lancashire, Manchester and North Merseyside and Community Futures.

The Fund has distributed support to community and environmental projects which benefit the environment and people of Lancashire.

PASTA

PASTA (Play and Skills at Tea-time Activities) after school clubs provided a targeted programme for local families with the aim of promoting healthier eating and physical activity in a fun, interactive and safe environment.

17. RESTRICTED FUNDS (CONTINUED)

Together an Active Fund

Funding has been received from Sport England to identify innovative solutions to make it easier for people in specific areas to access sport and physical activity.

Up and Active

Up and active is the East Lancashire consortium led by a partnership of four Trusts, formed in 2015 to deliver the Lancashire County Council public health agenda, promoting healthy lives, weight loss and general wellbeing.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

18. PENSION ARRANGEMENTS

Net Pension surplus/(deficit):

	31.3.23	31.3.22
	£	£
Lancashire County Pension Scheme	<u>1,247,000</u>	<u>(3,306,000)</u>
	<u>1,247,000</u>	<u>(3,306,000)</u>

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 £278,256 (2022: £230,568) were paid to the scheme.

The following calculations as at 31st March 2023 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:

	31.3.23	31.3.22
Rate of CPI inflation	2.70	3.30
Rate of increase in salaries	4.20	4.80
Rate of increase in pensions	2.80	3.40
Discount rate	4.80	2.80
Life expectancy of a male future pensioner aged 65 in 20 years' time	22.80	23.70
Life expectancy of a female future pensioner aged 65 in 20 years' time	25.60	26.80
Life expectancy of a male current pensioner aged 65	21.50	22.30
Life expectancy of a female current pensioner aged 65	23.80	25.00

The amounts recognised in the balance sheet are as follows:

	31.3.23	31.3.22
	£	£
Present value of funded obligations	(7,465,000)	(11,807,000)
Fair value of plan assets	<u>8,712,000</u>	<u>8,501,000</u>
Net pension surplus/(deficit)	<u>1,247,000</u>	<u>(3,306,000)</u>

HYNDBURN LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

18. PENSION ARRANGEMENTS (CONTINUED)

Analysis of amounts charged to the Statement of Financial Activities:

	31.3.23	31.3.22
	£	£
Operating charge		
Current service cost	620,000	498,000
Administration expenses	<u>9,000</u>	<u>7,000</u>
Total operating charge	<u>629,000</u>	<u>505,000</u>
Other finance costs		
Expected return on pension scheme assets	(239,000)	(155,000)
Interest on pension scheme liabilities	<u>328,000</u>	<u>240,000</u>
Net charge	<u>89,000</u>	<u>85,000</u>
Total charge to resources expended in Statement of Financial Activities	<u>718,000</u>	<u>590,000</u>

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

	31.3.23	31.3.22
	£	£
Actuarial gains/(losses) on assets	(99,000)	902,000
Actuarial gains/(losses) on liabilities	<u>5,097,000</u>	<u>299,000</u>
Actuarial gain / (loss) recognised	<u>4,998,000</u>	<u>1,201,000</u>

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

	31.3.23	31.3.22
	£	£
Opening defined benefit obligation	11,807,000	11,475,000
Current service cost	620,000	498,000
Interest on pension scheme liabilities	328,000	240,000
Employee contributions	91,000	73,000
Actuarial (gains)/losses	(5,097,000)	(299,000)
Benefits paid / transfers	<u>(284,000)</u>	<u>(180,000)</u>
Closing defined benefit obligations	<u>7,465,000</u>	<u>11,807,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

18. PENSION ARRANGEMENTS (CONTINUED)

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

	31.3.23	31.3.22
	£	£
Opening fair value of plan assets	8,501,000	7,335,000
Expected return on plan assets	239,000	155,000
Actuarial gains	(99,000)	902,000
Employer contributions	(9,000)	223,000
Employee contributions	273,000	73,000
Administration expenses	91,000	(7,000)
Benefits paid / transfers	(284,000)	(180,000)
Closing fair value of plan assets	<u>8,712,000</u>	<u>8,501,000</u>

The split of assets between investment categories is as follows:

	2023	2023	2022	2022
	£	%	£	%
Equities	9,000	0.10	8,000	0.10
Government bonds	-	-	68,000	0.80
Other bonds	17,000	0.20	-	-
Property	131,000	1.50	136,000	1.60
Cash/liquidity	70,000	0.80	213,000	2.50
Other	<u>8,485,000</u>	<u>97.40</u>	<u>8,076,000</u>	<u>95.00</u>
	<u>8,712,000</u>	<u>100.00</u>	<u>8,501,000</u>	<u>100.00</u>

Amounts for the current and previous periods are as follows:

	2023	2022	2021	2020
	£	£	£	£
Defined benefit obligation	(7,465,000)	(11,807,000)	(11,475,000)	(9,298,000)
Plan assets	<u>8,712,000</u>	<u>8,501,000</u>	<u>7,335,000</u>	<u>6,517,000</u>
	<u>1,247,000</u>	<u>(3,306,000)</u>	<u>(4,140,000)</u>	<u>(2,781,000)</u>

A full actuarial review of the scheme was undertaken as at 31st March 2022.

Following the full actuarial valuation at 31st March 2022, employer contributions were agreed to stay at a rate of 16.10% with effect from 1st April 2022.

The current estimate of employer contributions for the year ended 31st March 2024 is £244,000. Implied service cost is estimated at £234,000 and a net interest and administration cost at £57,000 resulting in the surplus increasing by an estimated £67,000 to £1,314,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

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 2023 are summarised as follows:

	31.3.23	31.3.22
	£	£
Unrestricted grant income	280,540	-
COVID-19 Grant funding receivable – unrestricted	-	108,395
Unrestricted operational income	49,813	86,542
Net amounts owed to Hyndburn Borough Council	2,112,818	1,607,959

Certain properties, occupied and operated by the charity, are provided by Hyndburn Borough Council on a peppercorn rent in accordance with the earliest lease expiring on 31 March 2027. The estimated benefit of the low rentals for these properties is £270,325 (2022: £270,325).

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 surplus) as at 31st March 2023 because the trustees are satisfied that subject to the reservations identified in the Going Concern paragraph in the Trustees Report and Accounting Policies, 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 leases;
- The competencies of the executive staff employed by the charity;
- The actual performance to date for the financial year ending 31st March 2024.
- The details included in the Report of the Trustees which sets out the impact of the energy price rises and cost of living crisis.

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