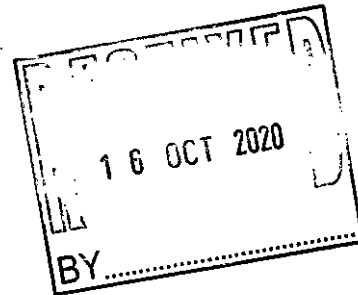


REGISTERED COMPANY NUMBER: 03683103 (England and Wales)
REGISTERED CHARITY NUMBER: 1075009



REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
FOR

NORTH COUNTRY LEISURE
(A COMPANY LIMITED BY GUARANTEE)

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE



CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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NORTH COUNTRY LEISURE

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2019**

The trustees who are also trustees of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2019. The trustees have adopted the provisions of 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).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

03683103 (England and Wales)

Registered Charity number

1075009

Registered office

Kendal Leisure Centre

Burton Road

KENDAL

Cumbria

LA9 7HX

Trustees

Greenwich Leisure Ltd

J D Argent

C Homer

D Powlesland

C A Roberts

R Tames

Company Secretary

N E Golightly

Auditors

McCabe Ford Williams

Statutory Auditors and Chartered

Accountants

Bank Chambers

1 Central Avenue

Sittingbourne

Kent

ME10 4AE

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2019

REFERENCE AND ADMINISTRATIVE DETAILS - continued

Bankers

Barclays Bank PLC
2 Churchill Place
Canary Wharf
London
E14 5RB

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Constitution

The charity's objects and regulations are governed by the Memorandum of Association dated 22 November 1998 (as subsequently amended) and, under that memorandum the charity is constituted as a company limited by guarantee.

In the interests of social welfare to provide or assist in the provision of facilities for recreation or other leisure time occupation for the benefit of the public in the county of Tyne and Wear, (the 'Area') and to promote and protect the good physical and mental health of persons living in or visiting the area.

The Trustees

The trustees are appointed by the Board following an open advertisement, completion of an application form, and an interview process. The Board seeks to maintain a balance of appropriate skills.

Induction and training of new trustees

All new trustees have an induction process, which includes a visit to the operational sites, an introduction to the staffing, finance and operation of the organisation, and to the roles and responsibilities of trustees. Trustees are encouraged to attend appropriate seminars/conferences. Trustees have "job descriptions" and work to a code of conduct for trustees.

Organisational structure and decision making process

The charity is managed by a Board of Trustees with strategic and operational support provided by the parent company, Greenwich Leisure Limited. Day to day management is devolved to the staff.

Co-operation with other organisations

North Country Leisure works with a wide range of partners in the delivery and development of services.

North Country Leisure became a subsidiary of Greenwich Leisure Limited on the 1st April 2015.

NORTH COUNTRY LEISURE

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 DECEMBER 2019**

OBJECTIVES AND ACTIVITIES

Mission: "To provide excellent sports and leisure for all"

What we value as an organisation

Serving the whole community by:-

- Embracing people's diverse needs
- Working positively with partners
- Challenging learning and improving
- Being fair, efficient and enthusiastic
- Working to sustain the environment
- Supporting and developing the local economy.

Aims

1. To manage and develop leisure, recreation facilities and activities to a high standard, to benefit the health, social wellbeing and quality of life of residents and visitors.
2. To optimise the company's financial performance acting within the charitable objects of the company.
3. To create opportunities for all people to take part in leisure and recreation activities and to progress to their chosen level of involvement.
4. To ensure services are available and accessible to all members of the public including those groups and individuals who may experience barriers to access.
5. To educate and train both leaders of activities and participants.
6. To create new opportunities for employment, continual professional development and job satisfaction.

Main beneficiaries

1. Residents of and visitors in Newcastle.
2. Organisations such as schools and voluntary sports clubs who wish to develop their leisure/recreation activities.
3. Groups in society who may experience barriers to accessing leisure activities, for example people with disabilities, people on low incomes, or people in remote rural communities.

Medium to long term strategy

On 1 April 2015 North Country Leisure (NCL) became a wholly owned subsidiary of GLL, Greenwich Leisure Ltd, a leading national social enterprise managing leisure and cultural services across the UK and with whom NCL shares objects and values. This is a significant and positive change recognising the continued financial pressure in local government felt disproportionately in discretionary services including leisure and management and providing both organisations with the ability to extend their reach. From the 1st April 2017, the management of the contracts transferred to GLL. NCL continues to provide GLL with a range of services in Newcastle including staffing under a Service Level Agreement. Since the transfer, the trading risks sit with GLL. NCL recharges GLL all expenditure incurred in the delivery of the service under the SLA at cost. All assets and liabilities were transferred to GLL on the 1st April 2017.

Key aims

1. To continue to develop the strategic and operational relationship with GLL and the wider GLL Group.
2. To continue to provide and develop good quality, effective services, meeting the expectations of our service users.

Our targets include levels of satisfaction with services, numbers of users and representativeness of different groups as users, developments undertaken and assisted with.

GLL uses external benchmarking through the QUEST Quality Award Scheme for Sport and Leisure and the NBS.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2019

OBJECTIVES AND ACTIVITIES - continued

Main areas of charitable activity

We managed the following leisure facilities and activities to the benefit of local communities:-

In Newcastle upon Tyne – managed full contract and trading up to 31st March 2017; from the 1st April 2017, the contracts transferred to GLL with the exception of a range of services that remain the responsibility of NCL under an SLA. This arrangement remained as such through 2019

- Eldon Leisure Centre is a city centre facility with squash and sports hall facilities, fitness gym and studios, climbing wall and cafe. We have developed this site to include ten pin bowling, vertigo adventure climbing, new gym facilities and Soft play.
- Gosforth Pool has a 25 metre pool with spectator areas, sauna, and a fully equipped fitness gym and studios.
- West Denton Swimming Pool has three swimming pools and a fitness gym and studios.
- East End Pool has three pools; the main leisure pool plus a toddler pool and a separate studio pool. There's a sauna and steam room and a modern fitness gym with studios providing group exercise.
- The Centre for Sport has a well-equipped gym plus indoor and outdoor pitches for team and group sport.
- All Saints Sports Centre has a full range of fitness facilities, indoor sports hall, mirrored dance studio, 3G pitch, outdoor tennis and netball courts and pitches.
- Walker Activity Dome boasts ten 5-a-side pitches, three 7-a-side pitches and one 11-a-side pitch, as well as spacious changing facilities. The fitness gym is complemented by an activity studio and an indoor cycling studio.

PUBLIC BENEFIT

The board of trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

We believe that the ways in which the Charity benefits the public, in line with its objectives, are evident throughout this review – providing and increasing opportunities for people to take part in healthy exercise and activity, working hard to ensure those opportunities can be taken up equitably by people on low incomes and people with disabilities via applying the principles and values of a charitable social enterprise and through social pricing and programming.

ACHIEVEMENTS AND PERFORMANCE

NCL delivered a range of services in Newcastle under an SLA to Greenwich Leisure Ltd.

FINANCIAL REVIEW

The results for the year are set out in the annexed financial statements.

GOING CONCERN

The outbreak of COVID-19 which has taken place since the year end date has resulted in extensive disruption across the globe. The UK Government enforced a lockdown from 23 March 2020. The company's activities, as with many businesses, have been impacted following the temporary closure of the centres.

The trustees have taken into account the uncertainty caused by COVID-19 and are satisfied that assuming the parent is able to secure the necessary support from its bankers and partners, that customers behaviour is in line with industry expectations, and there isn't a second spike in COVID-19 which results in another enforced lockdown then it will be able to meet all its obligations as and when they fall due. Accordingly whilst drawing the reader's attention to the underlying uncertainties that COVID-19 pandemic has caused they consider it appropriate to continue to prepare the financial statements on a going concern basis.

PLANS FOR FUTURE PERIODS

Operations will continue to be managed through Greenwich Leisure Ltd. Employees in Newcastle remain contracted to North Country Leisure to deliver a range of services in line with the Service Level Agreement with costs recharged to Greenwich Leisure Limited to reflect the costs of providing the staff required to perform the contracts for management of the leisure centres

NORTH COUNTRY LEISURE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

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 those financial statements, the trustees are required to

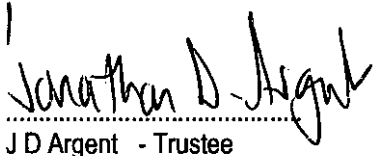
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

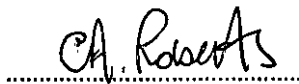
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

Report of the trustees approved by order of the board of trustees, as the company trustees, on 1 October 2020
and signed on the board's behalf by:


.....

J D Argent - Trustee


.....

C A Roberts - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NORTH COUNTRY LEISURE**

Opinion

We have audited the financial statements of North Country Leisure (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet 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 (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 December 2019 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 12 in the financial statements which indicates that as a result of the UK Government's temporary closure of Leisure facilities on 23 March 2020 and the resulting lockdown of the general public that followed there has been and continues to be a significant impact on the trading results of the charitable company. The Government permitted Leisure Facilities in England to reopen from 25 July 2020. However, the impact of the new social distancing measures and the continued existence of COVID-19 in our society, on the behaviour of the charitable company's customers is as of yet unknown. There are concerns that there might be a second spike in the pandemic and the need for / likelihood of a second lockdown which would undoubtedly have a significant impact on the position of the charitable company, is also currently unknown. The charitable company's parent, Greenwich Leisure Limited, is in negotiations with its bankers and partners to secure long term finance without which its ability to continue for the foreseeable future would be uncertain. As stated in note 12 these events and conditions indicate that a material uncertainty exists which may cast significant doubt on the charitable company'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 included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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
NORTH COUNTRY LEISURE

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 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, 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 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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 Independent 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.

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 Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Clair Rayner FCA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 1 October 2006

NORTH COUNTRY LEISURE

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT
AND STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 DECEMBER 2019

		Unrestricted Funds	Restricted Funds	FRS 102 s.28 Unrestricted Funds	31.12.19 Total Funds	31.12.18 Total Funds
	Notes	£	£	£	£	£
INCOME						
Charitable activities	2	2,866,964	-	-	2,866,964	3,526,643
TOTAL INCOME		<u>2,866,964</u>	<u>-</u>	<u>-</u>	<u>2,866,964</u>	<u>3,526,643</u>
EXPENDITURE						
Charitable activities	3	2,866,964	-	215,000	3,081,964	3,556,643
TOTAL EXPENDITURE		<u>2,866,964</u>	<u>-</u>	<u>215,000</u>	<u>3,081,964</u>	<u>3,556,643</u>
NET (EXPENDITURE)/INCOME BEFORE TRANSFERS		-	-	(215,000)	(215,000)	(30,000)
GROSS TRANSFERS BETWEEN FUNDS		-	-	-	-	-
NET INCOME BEFORE ACTUARIAL (LOSSES)/GAINS UNDER FRS102		-	-	(215,000)	(215,000)	(30,000)
OTHER RECOGNISED GAINS AND LOSSES						
<i>Re-measurements on defined benefit pension schemes</i>	10	-	-	(444,000)	(444,000)	794,000
NET INCOME / (EXPENDITURE)		-	-	<u>(659,000)</u>	<u>(659,000)</u>	<u>764,000</u>
RECONCILIATION OF FUNDS						
FUNDS BROUGHT FORWARD		<u>-</u>	<u>-</u>	<u>(632,000)</u>	<u>(632,000)</u>	<u>(1,396,000)</u>
FUNDS CARRIED FORWARD		<u>-</u>	<u>-</u>	<u>(1,291,000)</u>	<u>(1,291,000)</u>	<u>(632,000)</u>

The notes form part of these financial statements

NORTH COUNTRY LEISURE (REGISTERED NUMBER: 03683103)**BALANCE SHEET**
31 DECEMBER 2019

	Notes	31.12.19 £	31.12.19 £	31.12.18 £	31.12.18 £
CURRENT ASSETS					
Debtors	7	-		11,175	
Cash at bank and in hand		<u>73,515</u>		<u>67,741</u>	
		73,515		78,916	
CREDITORS					
Amounts falling due within one year	8	<u>(73,515)</u>		<u>(78,916)</u>	
NET CURRENT ASSETS			-		-
TOTAL ASSETS LESS CURRENT LIABILITIES					
NET ASSETS BEFORE PENSION LIABILITY			-		-
PENSION LIABILITY	10		1,291,000		632,000
FUNDS					
Pension liability	9	<u>(1,291,000)</u>		<u>(632,000)</u>	
TOTAL FUNDS	9		<u>(1,291,000)</u>		<u>(632,000)</u>
			-		-

ON BEHALF OF THE BOARD:

The financial statements were approved by the Board of Trustees on 1 October 2020 and were signed on its behalf by:

Jonathan D. Argent

J D Argent - Trustee

C A Roberts

C A Roberts - Trustee

The notes form part of these financial statements

NORTH COUNTRY LEISURE**CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31.12.19 £	31.12.18 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>5,774</u>	<u>(4,786)</u>
Net cash provided by (used in) operating activities		<u>5,774</u>	<u>(4,786)</u>
Change in cash and cash equivalents in the reporting period		5,774	(4,786)
Cash and cash equivalents at the beginning of the reporting period		<u>67,741</u>	<u>72,527</u>
Cash and cash equivalents at the end of the reporting period		<u>73,515</u>	<u>67,741</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.12.19 £	31.12.18 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(215,000)	(30,000)
Adjustments for:		
Depreciation charges	-	-
Interest paid	-	-
Transfer of fixed assets to GLL	-	-
Transfer of pension deficit to GLL	-	-
Transfer of loans and HP to GLL	-	-
Decrease in debtors	11,175	1,707
Decrease in creditors	(5,401)	(6,493)
Difference between pension charge and cash contributions	<u>215,000</u>	<u>30,000</u>
Net cash provided by (used in) operating activities	<u>5,774</u>	<u>(4,786)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.19 £	Cash flow £	At 31.12.19 £
Net cash			
Cash at bank	<u>67,741</u>	<u>5,774</u>	<u>73,515</u>
	<u>67,741</u>	<u>5,774</u>	<u>73,515</u>
Total	<u>67,741</u>	<u>5,774</u>	<u>73,515</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial reporting standard 102 - reduced disclosure exemptions

The charity has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirement of Section 33 Related Party Disclosure paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about North Country Leisure as an individual charity and do not contain consolidated financial information as the parent of a group. The charity is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, whose registered office is Greenwich Leisure Ltd, Middlegate House, The Royal Arsenal, London, SE18 6SX.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 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.

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.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds can only be used for particular restricted purposes within the objects of the charitable company. 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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES - continued

Financial instruments

The company enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

a) Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

c) Impairment of financial assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

d) Trade and other creditors

Debt instruments like loans and other accounts payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like plant and equipment, are reviewed, to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. There are no key sources of estimation uncertainty in the financial statements.

Pension costs and other post-retirement benefits

The Charitable Company accounts for the pension scheme in accordance with the Financial Reporting Standard 102.

The Charitable Company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2016.

The Charitable Company provides pension benefits for eligible staff through the Cumbria Local Government and Tyne and Wear Local Government administered pension schemes. The administered schemes are multi-employer schemes which provide benefits based upon final pensionable pay.

For defined benefit schemes the amounts charged to resources expended on charitable activities are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately if the benefits are vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Financial Activities.

The defined benefit scheme is funded, and the assets of the scheme are held separately from those of the charity in a trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on long dated high quality corporate bonds of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

See note 10 for further information in connection with the Charitable Company's defined benefit scheme.

This pension scheme was closed to new entrants from 1st April 2004 and the charitable company operates a stakeholder pension scheme for employees who have joined since then. Pension costs relating to this stakeholder scheme are charged to the Income and Expenditure Account when payable.

Going concern

The operations of the charitable company were transferred to Greenwich Leisure Ltd on the 31 March 2017. The charitable company continues to employ staff for the provision of leisure services and recharges the associated costs to Greenwich Leisure Ltd for management of the leisure contracts.

The outbreak of COVID-19, which has taken place following the year ended 31 December 2019, has resulted in a pandemic causing extensive disruption across the globe. The UK Government enforced a lockdown from 23 March 2020 and the temporary closure of all leisure establishments including gyms and leisure centres. The company's activities, as with many businesses, have been impacted. The respective Governments of Northern Ireland and England have now permitted leisure centres, gyms and indoor pools to reopen (Northern Ireland on 10 July 2020 and England on 25 July 2020).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019**1. ACCOUNTING POLICIES - continued**

The impact of the new social distancing measures which limit a facility's capacity, and the continued existence of COVID-19 in our society, which may have an impact on the behaviour of the company's customers is as of yet unknown. There are also concerns that there might be a second spike in the pandemic and the need for / likelihood of a second lockdown which would undoubtedly have a significant impact on the position of the company. The parent is at an advanced stage in negotiations with its bankers and partners to secure long term finance without which its ability to continue for the foreseeable future would also be uncertain. In addition, the parent has secured or is in advanced negotiations with key partners to secure, short term support for the lockdown period.

The trustees have taken into account the uncertainty caused by COVID-19 and are satisfied that assuming the parent is able to secure the necessary support from its bankers and partners, that customers behaviour is in line with industry expectations and there isn't a second spike in COVID-19 which results in another enforced lockdown, then it will be able to meet all its obligations as and when they fall due. Accordingly whilst drawing the reader's attention to the underlying uncertainties that COVID-19 pandemic has caused they consider it appropriate to continue to prepare the financial statements on a going concern basis.

2. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.12.19 £	31.12.18 £
Recharges of operation of leisure sites	Charitable Activities	2,866,964	3,526,643
		<u>2,866,964</u>	<u>3,526,643</u>

3. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Direct Costs £	Staff Costs £	Support Costs £	2019 Total £	2018 Total £
Leisure Centres	<u>-</u>	<u>2,866,964</u>	<u>-</u>	<u>2,866,964</u>	<u>3,526,643</u>

4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2019 nor for the year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

5. STAFF COSTS

	31.12.19 £	31.12.18 £
Wages and salaries	2,413,501	2,982,669
Social security costs	161,192	188,283
Other pension costs	<u>292,271</u>	<u>355,691</u>
	<u><u>2,866,964</u></u>	<u><u>3,526,643</u></u>

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

31.12.19 <u>196</u>	31.12.18 <u>223</u>
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No employees received emoluments in excess of £60,000.

6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Charitable Activities	3,526,643	-	3,526,643
	<u> </u>	<u> </u>	<u> </u>
Total	3,526,643	-	3,526,643
EXPENDITURE ON			
Charitable activities			
Charitable Activities	3,556,643	-	3,556,643
	<u> </u>	<u> </u>	<u> </u>
Total	3,556,643	-	3,556,643
	<u> </u>	<u> </u>	<u> </u>
NET INCOME/(EXPENDITURE)	(30,000)	-	(30,000)
Other recognised gains/(losses)			
Actuarial gains/losses on defined benefit schemes	<u>794,000</u>	<u>-</u>	<u>794,000</u>
Net movement in funds	764,000	-	764,000
RECONCILIATION OF FUNDS			
Total funds brought forward	(1,396,000)	-	(1,396,000)
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS CARRIED FORWARD	<u><u>(632,000)</u></u>	<u><u>-</u></u>	<u><u>(632,000)</u></u>

NORTH COUNTRY LEISURE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£	£
Trade debtors	-	11,175
	<u>-</u>	<u>11,175</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£	£
Social security and other taxes	73,515	78,916
	<u>73,515</u>	<u>78,916</u>

9. MOVEMENT IN FUNDS

	At 1.1.19	Net movement	At 31.12.19
	£	in funds	£
		£	
Unrestricted funds			
All pension funds	(632,000)	(659,000)	(1,291,000)
	<u>(632,000)</u>	<u>(659,000)</u>	<u>(1,291,000)</u>
TOTAL FUNDS	<u>(632,000)</u>	<u>(659,000)</u>	<u>(1,291,000)</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£	£	£	£
Unrestricted funds				
General fund	2,866,964	(2,866,964)	-	-
All pension funds	-	(215,000)	(444,000)	(659,000)
	<u>2,866,964</u>	<u>(3,081,964)</u>	<u>(444,000)</u>	<u>(659,000)</u>
TOTAL FUNDS	<u>2,866,964</u>	<u>(3,081,964)</u>	<u>(444,000)</u>	<u>(659,000)</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

9. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.18 £	Net movement in funds £	31.12.18 £
Unrestricted Funds			
All pension funds	(1,396,000)	764,000	(632,000)
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>(1,396,000)</u>	<u>764,000</u>	<u>(632,000)</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	3,526,643	(3,526,643)	-	-
All pension funds	-	(30,000)	794,000	764,000
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>3,526,643</u>	<u>(3,556,643)</u>	<u>794,000</u>	<u>764,000</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

10. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution scheme

There is a defined contribution scheme in place which is offered to all new employees.

Defined benefit scheme

North Country Leisure has participated in two Local Government Pension Schemes during the period being the Tyne and Wear Local Government Pension Scheme for South Tyneside (First and Second admissions). These Local Government Pension Schemes provide defined benefits, based on members' final pensionable salary.

Latest actuarial valuations were carried out at 31 March 2016 and updated at the balance sheet date.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Present value of funded obligations	(13,855,000)	(6,157,000)
Fair value of plan assets	<u>12,564,000</u>	<u>5,525,000</u>
	<u>(1,291,000)</u>	<u>(632,000)</u>
Deficit	<u>(1,291,000)</u>	<u>(632,000)</u>
Liability	<u>(1,291,000)</u>	<u>(632,000)</u>

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

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Current service cost	379,000	518,000
Net interest from net defined benefit asset/liability	6,000	21,000
Past service cost	<u>190,000</u>	<u>76,000</u>
	<u>575,000</u>	<u>615,000</u>
Actual return on plan assets	<u>1,925,000</u>	<u>134,000</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

10. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Defined benefit obligation	6,157,000	11,020,000
Current service cost	379,000	518,000
Past service cost	190,000	76,000
Contributions by scheme participants	69,000	89,000
Interest cost	311,000	274,000
Actuarial losses/(gains)	2,319,000	(973,000)
Benefits paid	(207,000)	(210,000)
Business combinations	-	-
Other remeasurements	<u>4,637,000</u>	<u>(4,637,000)</u>
	<u>13,855,000</u>	<u>6,157,000</u>

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

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Fair value of scheme assets	5,525,000	9,917,000
Contributions by employer	360,000	487,000
Contributions by scheme participants	69,000	89,000
Administration expenses	-	-
Expected return	305,000	253,000
Actuarial gains/(losses)	1,620,000	(119,000)
Benefits paid	(207,000)	(210,000)
Business combinations	-	-
Other remeasurements	<u>4,892,000</u>	<u>(4,892,000)</u>
	<u>12,564,000</u>	<u>5,525,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.12.19	31.12.18
	£	£
Actuarial gains/(losses)	<u>(444,000)</u>	<u>794,000</u>
	<u>(444,000)</u>	<u>794,000</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

10. EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.19	31.12.18
Equities	65.1%	65.1%
Bonds	15.6%	15.6%
Property	9%	9%
Cash	3%	3%
Other	<u>7.3%</u>	<u>7.3%</u>
	<u>100.0%</u>	<u>100.0%</u>

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	13,498,000	13,855,000	14,221,000
Projected service cost	499,000	514,000	530,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	14,317,000	13,855,000	13,398,000
Projected service cost	533,000	514,000	495,000

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.12.19	31.12.18
Discount rate	2.0%	2.9%
Future salary increases	3.6%	3.6%
Future pension increases	2.1%	2.1%
CPI inflation	2.1%	2.1%

11. RELATED PARTY DISCLOSURES

In the year ended 31 March 2017, all operations of North Country Leisure were transferred into Greenwich Leisure Ltd. In the year ended 31 March 2019 net liabilities of £Nil (2018: £Nil) were transferred.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019

12. SUBSEQUENT EVENTS

The outbreak of COVID-19, which has taken place following the year ended 31 December 2019, has resulted in a pandemic causing extensive disruption across the globe. The UK Government enforced a lockdown from 23 March 2020 and the temporary closure of all leisure establishments including gyms and leisure centres. The Group's activities, as with many businesses, have been impacted. The respective Governments of Northern Ireland and England have now permitted leisure centres, gyms and indoor pools to reopen (Northern Ireland on 10 July 2020 and England on 25 July 2020). The impact of the new social distancing measures which limit a facility's capacity and the continued existence of COVID-19 in our society, which may have an impact on the behaviour of the charitable company's customers is as of yet unknown. There are also concerns that there might be a second spike in the pandemic and the need for a second lockdown which would undoubtedly have a significant impact on the position of the charitable company. The charitable company's parent, Greenwich Leisure Limited, has secured and or is at an advanced stage in negotiations with its partners and bankers to secure short term support and long term finance without which its ability to continue for the foreseeable future would also be uncertain. This is a non-adjusting post balance sheet event.