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COMPANIES HOUSE

RENFREWSHIRE LEISURE LIMITED
FINANCIAL STATEMENTS YEAR ENDED 31ST MARCH 2018

Company number : 490998

Charity number : SC033898

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14/09/2018 #385
COMPANIES HOUSE

Milne Craig
Registered Auditors
Chartered Accountants
Abercorn House
79 Renfrew Road
PAISLEY
PA3 4DA

RENFREWSHIRE LEISURE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

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RENFREWSHIRE LEISURE LIMITED

BOARD REPORT

31ST MARCH, 2018

The board present their report and the audited financial statements for the year ended 31st March, 2018 which are prepared in line with the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with 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).

OBJECTIVES AND ACTIVITIES

The objects of the charity are to provide, or assist in the provision of facilities for recreation, sport, cultural, social or other leisure time occupation as are beneficial to the community, for the general public in, or in connection with the Renfrewshire area and its neighbourhood in furthering the interests of social welfare.

Renfrewshire Leisure manages and operates cultural, leisure and sport facilities and services across Renfrewshire. An ambitious company strategy was approved by the board in December 2017 which sets out the company's vision "to enrich people's lives through increased participation in culture, leisure and sport" and strategic priorities for the next five years which focus on: working with partners to achieve the cultural and regeneration aspirations for the area, including delivery of major capital investment in cultural and sports facilities in the region of £100m; leading the sports and cultural strategies for Renfrewshire to inspire, promote, enable and encourage participation in culture, leisure and sport and improve mental and physical health and well-being; attracting, developing and retaining talent and; working with partners and the wider community to achieve these strategic objectives.

Renfrewshire Leisure also works closely with the local community and schools to: help children and their families achieve their full potential through reading and play initiatives and active school programmes; provide training opportunities and access to digital technology in our facilities and; provide pathways to employment.

Renfrewshire Leisure manages and operates:

- Barshaw Golf Course
- Bowling Greens
- Community Hall Facilities
- Erskine Community Sports Centre
- Erskine Swimming Pool
- Johnstone Community Sports Hub
- Johnstone Town Hall
- Lagoon Leisure Centre, Paisley
- Libraries (Bishopton; Bridge of Weir; Erskine; Ferguslie; Foxbar, Glenburn; Johnstone; Linwood; Lochwinnoch; Paisley; Ralston; Renfrew)
- On-X Sports & Community Centre, Linwood
- Paisley Arts Centre
- Paisley Museum, Art Galleries and Coats Observatory
- Paisley Museum Store
- Paisley Town Hall
- Park Mains Sports Complex, Erskine
- Ralston Community Sports Centre
- Renfrew Leisure Centre
- Renfrew Town Hall and Museum
- Renfrew Victory Baths
- Seedhill Community Sports Ground
- Sports Pitches and Playing Fields (Barwood Park; Bishopton Playing Fields; Durrockstock Playing Fields; Ferguslie Park Sports Hub/Playing Fields; Glenpatrick Playing Fields; Inchinnan Playing Fields; King George V Playing Fields; Kirklandneuk Playing Fields; Lochwinnoch Playing Fields; Morar Playing Fields; Moredun Playing Fields; Ralston Community Sports Hub; Seedhill Playing Fields; St James Playing Fields; Thomas Shanks Public Park; Todholm Playing Fields; Viewfield Park)
- Tweedie Hall, Linwood

RENFREWSHIRE LEISURE LIMITED

BOARD REPORT

31ST MARCH, 2018

ACHIEVEMENTS

During the year, six of our community centres and libraries were refurbished and the new museum store, 'The Secret Collection', opened on Paisley High Street; the new store and education facility gives school children and the public greater access to the historical collection. Capital investment concept design proposals were also developed for five of our facilities: Paisley Museum, Paisley Town Hall, Paisley Arts Centre, Paisley Central library (learning and cultural hub), St James playing fields; the projects form part of the Council's ambitious £100 million cultural and infrastructure investment programme to regenerate the area and ensure that the local community continues to have access to excellent cultural and sport facilities and services.





The school library service obtained additional funding to support Renfrewshire schools' attainment challenge. The Library service works closely with schools and the wider community to inspire children to enjoy reading, to provide digital skills training and to encourage children and families to participate in reading, play activities and events in our libraries.

The Active Schools team held 286,788 after school sport sessions and activities during the year and 58 youngsters graduated from the Renfrewshire School of Sport Education programme run by Sports Services. The participants gained a range of qualifications and completed over 6,000 hours of volunteering within schools.

Increased competition in the local leisure market has impacted on our gym membership numbers and income levels over the last few years. Our employees have worked hard to attract new customers and deliver services which meet new and existing customers' needs and expectations. Our NHS Greater Glasgow and Clyde Health Board health partnership programmes continued during the year to encourage physical activity to improve the health and well-being of the local community and aid recovery from illness.

Ongoing review and development of our Quality Management System is also continuing to standardise procedures across the Charity and ensure that robust health and safety processes and procedures are in place for the safe operation of our facilities. A range of energy efficiency measures, including introduction of LED lighting in our sports centres, were also implemented during the year which helped reduce our energy consumption and carbon emissions.

PERFORMANCE

Pool Attendance	Indoor sport attendances	Library Visits	Museum Visits	% satisfied with leisure facilities
				83%
482,649	1,516,973	584,693	89,378	

The performance data is subject to external validation and will be finalised later in the year.

FINANCIAL REVIEW

The charity does not trade for profit. Any surplus generated by the charity is applied solely to the continuation and development of the charity for community benefit.

The statement of financial activities for the year ended 31st March, 2018 on page 9 shows net expenditure of £1,640,875 (2017 - £315,570) before other recognised gains or losses which will be carried forward in the accounting period ending 31st March, 2019. In line with recommended accounting practice, the reported figures include a notional entry for future pension costs which are based on an actuarial review of future pension liabilities for current and previous Renfrewshire Leisure employees.

The charity is funded through a service payment made by Renfrewshire Council and admission fees generated at its leisure and recreational centres and cultural venues.

RENFREWSHIRE LEISURE LIMITED

BOARD REPORT

31ST MARCH, 2018

RESERVES POLICY AND GOING CONCERN

Reserves are needed to bridge the gap between the spending and receiving of income and to cover unplanned expenditure. Excluding the liability for future pensions, the Board consider that the reserves of £334,377 are appropriate.

The Board have satisfied themselves that future pension contributions should address the pension liability and that the charity will be able to finance those contributions as they fall due. As such they consider that adequate resources will continue to be available to fund future activities for the foreseeable future and are of the view that the charity is a going concern.

PLANS FOR FUTURE PERIODS

During the year to 31st March 2019, the Charity will continue to work with our partner Renfrewshire Council to progress the capital investment programme and decant arrangements for our cultural facilities - Paisley museum, Central Library; Paisley Town Hall and Paisley Art Centre - and develop the exciting proposals for new sports and event facilities at St James playing fields.

Building on the momentum of the UK City of Culture bidding process, we are working with partners to develop and deliver exciting arts and cultural events programmes which will bring positive cultural, health, educational, social and economic benefits to the area. With the investment in our facilities, and in our arts and cultural programme, Renfrewshire Leisure's cultural services team will be at the heart of building the creative community and capacity in Renfrewshire over the long term.

Renfrewshire Leisure is currently implementing a service redesign to enable delivery of our strategic priorities and to safeguard the future financial sustainability of the company. Negotiations with employees and the Trades Unions will continue throughout the implementation process.

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NUMBER:	SCO33898
COMPANY NUMBER:	490998
REGISTERED OFFICE:	The Lagoon Leisure Centre, Christie Street, Paisley, PA1 1NB

ADVISERS

BANKERS:	Clydesdale Bank plc, 30 St Vincent Place, Glasgow, G1 2HL
SOLICITORS:	Shepherd & Wedderburn, 191 West George Street, Glasgow, G2 2LB
AUDITORS:	Milne Craig, Chartered Accountants, 79 Renfrew Road, Paisley, PA3

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DIRECTORS AND TRUSTEES

Council Directors are appointed to the board by Renfrewshire Council. Independent Directors are appointed to the board by Renfrewshire Council guided by the Nominations Committee established by Renfrewshire Leisure and serve for a five year term. Council Directors serve for the term of the administration of Renfrewshire Council (unless they shall resign or be removed as a director by Renfrewshire Council during such period).

The members serving during the period were as follows:-

CHAIR:	Councillor Lisa Marie Hughes	
TREASURER:	Alastair MacArthur Anne McMillan	(resigned 25 April 2018) (appointed 20 June 2018)
OTHER DIRECTORS:	Councillor Tom Begg Anne Butterfield Mary Crearie Bob Darracott Scott Fleming Councillor Eileen McCartin	(resigned 25 April 2018) (appointed 20 June 2018)

RENFREWSHIRE LEISURE LIMITED

BOARD REPORT

31ST MARCH, 2018

OTHER DIRECTORS:	Sharon Mair Colin Neill John Rodger Steven Truesdale	(appointed 20 June 2018) (resigned 25 April 2018)
REGISTERED OFFICE:	The Lagoon Leisure Centre, 11 Christie Street, Paisley, PA1 1NB	
CHIEF EXECUTIVE/ MANAGEMENT OFFICIAL:	Joyce McKellar	

STRUCTURE GOVERNANCE AND MANAGEMENT

Governing document

Renfrew Leisure Limited is a company limited by guarantee with company number 490998 and registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act, 2017.

The charity is governed by the rules set out in the Charities and Trustees Investment (Scotland) Act, 2005 and operates as a private company limited by guarantee under the Companies Act. Renfrewshire Leisure changed its legal status on, 11th November 2014, from a Society under the Industrial and Provident Societies Act 1965 to a charitable company limited by guarantee, to assist with the expansion of Renfrewshire Leisure which took place during 2015.

Appointment of directors

The charity has 10 directors who are entitled to attend and vote at any General Meeting of the charity. The maximum number of directors is 11, 3 being nominated by Renfrewshire Council, 2 being nominated by employees of the charity and 6 selected from the local cultural, sport and business community.

The charity is administered on a day to day basis by a management team who can exercise all powers of the charity that are not required under the Rules to be exercised at a General Meeting.

BOARD INDUCTION AND TRAINING

New Board members receive appropriate training to ensure they are familiar with their legal obligations under charity and company law. The training needs of all directors is reviewed on a regular basis and refresher training provided as and when required.

RELATED PARTIES

None of the Board receive remuneration or other benefits from their work with the charity. Any conflict of interest or related party interests must be disclosed to the full Board. In the current year, no such conflicts of interest were reported.

The charity has a close relationship with Renfrewshire Council which provides a service payment to enable the charity to carry out its objectives. All transactions are conducted at arms-length, with the cost of the services being equivalent to that charged to unrelated companies.

The charity has a wholly owned subsidiary, Renfrewshire Leisure Trading Limited, which operates the commercial activities of the charity and Gift Aids its profits to the charity.

RISK REVIEW

The board has conducted its own review of the major risks to which the charity is exposed; systems have been established to mitigate those risks and a risk based audit programme is completed on an annual basis to assess and provide assurance on the controls in place. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and to ensure consistent quality of delivery for all operational aspects of the charity. These procedures are also periodically reviewed to ensure that they still meet the needs of the charity and form part of our quality management system.

RENFREWSHIRE LEISURE LIMITED**BOARD REPORT****31ST MARCH, 2018****RESPONSIBILITIES OF THE BOARD IN RELATION TO FINANCIAL STATEMENTS**

The board is responsible for preparing the board report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the board to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the charity and of the group and of its incoming resources and application of resources, including income and expenditure, for the financial period. In preparing those financial statements, the board is required to:

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

The board is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act, 2006. The board is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the board is aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each board member has taken all the steps that they ought to have taken as a board member in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Milne Craig will be proposed for re-appointment in accordance with Section 489 of the Companies Act, 2006.

On Behalf of the Board



Councillor Lisa Marie Hughes
Chairman



John Rodger
Director

The Lagoon Leisure Centre
Christie Street
PAISLEY
PA1 1NB

16th August, 2018

RENFREWSHIRE LEISURE LIMITED

CHAIR'S STATEMENT

31ST MARCH, 2018

I am pleased to present Renfrewshire Leisure's financial statements for 2017/18. Much has been achieved over the last year, with the completion of the refurbishment of six community halls and libraries, opening of the new museum store on the High Street and development of major capital investment proposals which will transform our cultural facilities and arts, heritage and library service offering.

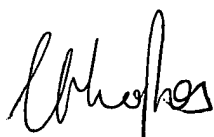
The new company strategy, approved in December 2017, sets out our vision and ambition for the next five years to enrich people's lives through increased participation in culture, leisure and sport. During this period, £100 million will be invested through the Council's cultural infrastructure programme in our facilities in Paisley Museum, Paisley Town Hall, Paisley Central Library (learning and cultural hub), Paisley Arts Centre and St. James Playing Fields.

Although Paisley was not successful in the bid to be the next UK City of Culture, a lot was gained through the experience; most notably, the energy, enthusiasm, pride and passion in the town and the increased profile of the area locally, nationally and internationally. The experience highlighted and celebrated the unique cultural heritage and international links stemming from the weaving industry and mills in Paisley and provides a strong foundation to build on for the future.

Our Library, Sports, Leisure and Outdoor teams continue to work within schools and with partners and the local community to encourage and inspire children and their families to develop literacy, digital technology and life skills and to participate in cultural, sport and leisure time activities which improve their health and well-being. Additional competition in the local gym market has impacted significantly on our income and the leisure teams have worked hard to promote alternative activities and offer programmes which meet the differing lifestyles of customers' needs irrespective of age, economic circumstances, race, gender or ability.

We are proud to serve the local community and will continue to work with partners and the people of Renfrewshire to deliver arts, cultural, reading, learning and development, recreational and sports programmes in our venues which are beneficial to the health and well-being of our customers and contribute to our aims and those of our partners involved in health, education, social inclusion and regeneration.

Finally, I would like to thank the departing directors - Alastair MacArthur and Mary Crearie - for their contribution to the company and warmly welcome our three new directors to the board. It is an exciting time to be part of Renfrewshire Leisure: in achieving the charity's objectives, Renfrewshire Leisure will fulfil its role as a key provider of cultural, leisure and sport services for the people of Renfrewshire.



Councillor Lisa Marie Hughes
Chair of the Board

16th August, 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE DIRECTORS OF

RENFREWSHIRE LEISURE LIMITED

We have audited the financial statements of Renfrewshire Leisure Limited for the year ended 31st March, 2018 on pages 9 to 22. 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).

This report is made solely to the charity's members, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's and of the group's affairs as at 31st March, 2018 and of their incoming resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Charities and Trustees Investment (Scotland) Act 2005; and
- have been prepared in accordance with the requirements of the Charities and Trustees Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the charity's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the charity has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However we draw attention to the disclosure regarding going concern in Note 1 to the financial statements.

Other information

The Board 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RENFREWSHIRE LEISURE LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Report of the Board is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Board Responsibilities set out on page 5, the Board is responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Board determines 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 Board is 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 Board 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 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.



Shona Malcolm - BAcc., C.A., - (Senior Statutory Auditor)

Milne Craig,

Chartered Accountants,

Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Abercorn House,

79 Renfrew Road,

PAISLEY,

PA3 4DA

16th August, 2018

RENFREWSHIRE LEISURE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31ST MARCH, 2018

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Endowment Funds 2018 £	Total funds 2018 £	Total Funds 2017 £
INCOME						
Operation of leisure and cultural activities						
Income from charitable activities	3	17,895,413	35,400	-	17,930,813	17,586,048
Commercial trading operations	5	208,682	-	-	208,682	152,813
		<u>18,104,095</u>	<u>35,400</u>	<u>-</u>	<u>18,139,495</u>	<u>17,738,861</u>
Other incoming resources	4	-	-	-	-	-
Total income		<u>18,104,095</u>	<u>35,400</u>	<u>-</u>	<u>18,139,495</u>	<u>17,738,861</u>
EXPENDITURE						
Expenditure on charitable Activities	6	19,659,955	2,757	-	19,662,712	17,936,168
Commercial trading operations	5	117,658	-	-	117,658	118,263
Total expenditure		<u>19,777,613</u>	<u>2,757</u>	<u>-</u>	<u>19,780,370</u>	<u>18,054,431</u>
Net income/(expenditure) before other recognised gains and losses	10	<u>(1,673,518)</u>	<u>32,643</u>		<u>(1,640,875)</u>	<u>(315,570)</u>
Other recognised gains/losses						
Actuarial gains/(losses) on defined benefit pension schemes	11	8,367,000	-		8,367,000	(7,329,000)
Net movement in funds		<u>6,693,482</u>	<u>32,643</u>		<u>6,726,125</u>	<u>(7,644,570)</u>
Total funds brought forward		(7,470,748)			(7,470,748)	173,822
Total funds carried forward		<u>(777,266)</u>	<u>32,643</u>		<u>(744,623)</u>	<u>(7,470,748)</u>

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

All incoming resources and resources expended derive from continuing activities.

The notes on pages 11 to 22 form part of these financial statements.

RENFREWSHIRE LEISURE LIMITED
CONSOLIDATED AND CHARITY BALANCE SHEETS
AT 31ST MARCH 2018

	Notes	Group 31 March 2018 £	Group 31 March 2018 £	Charity 31 March 2018 £	Charity 31 March 2018 £	Group 31 March 2017 £	Charity 31 March 2017 £
FIXED ASSETS							
Tangible assets	12		1,350,916	1,350,916		1,406,892	1,406,892
Investments	5		-	1		-	1
					1,350,917		1,406,893
CURRENT ASSETS							
Stocks	13	74,450		70,360		67,505	67,370
Debtors	14	2,499,749		2,490,100		2,013,800	1,977,865
Cash at bank and in hand		1,193,769		1,192,623		478,868	475,934
		<u>3,767,968</u>		<u>3,753,083</u>		<u>2,560,173</u>	<u>2,521,169</u>
CREDITORS: Amounts falling due within one year	15	<u>4,784,507</u>		<u>4,769,623</u>		<u>3,472,813</u>	<u>3,433,810</u>
NET CURRENT ASSETS (LIABILITIES)			<u>(1,016,539)</u>		<u>(1,016,540)</u>	<u>(912,640)</u>	<u>(912,641)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>334,377</u>		<u>334,377</u>	<u>494,252</u>	<u>494,252</u>
DEFINED BENEFIT PENSION SCHEME LIABILITY	16		<u>(1,079,000)</u>		<u>(1,079,000)</u>	<u>(7,965,000)</u>	<u>(7,965,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>(744,623)</u>		<u>(744,623)</u>	<u>(7,470,748)</u>	<u>(7,470,748)</u>
UNRESTRICTED INCOME FUNDS:							
Unrestricted income funds	17		(777,266)	(777,266)	(777,266)	(7,470,748)	(7,470,748)
Restricted income funds			32,643	32,643	32,643	-	-
			<u>(744,623)</u>	<u>(744,623)</u>	<u>(744,623)</u>	<u>(7,470,748)</u>	<u>(7,470,748)</u>
UNRESTRICTED INCOME FUNDS INCLUDING PENSION LIABILITY	17		<u>(744,623)</u>	<u>(744,623)</u>	<u>(744,623)</u>	<u>(7,470,748)</u>	<u>(7,470,748)</u>
PENSION RESERVE LIABILITY			<u>1,079,000</u>	<u>1,079,000</u>	<u>1,079,000</u>	<u>7,965,000</u>	<u>7,965,000</u>
UNRESTRICTED INCOME FUNDS EXCLUDING PENSION LIABILITY			<u>334,377</u>	<u>334,377</u>	<u>334,377</u>	<u>494,252</u>	<u>494,252</u>

The financial statements on pages 1 to 21 were approved by the Board on 16th August, 2018 and signed on its behalf by:-


COUNCILLOR LISA MARIE HUGHES
Chairman


JOHN RODGER
Secretary

The notes on pages 12 to 22 form part of these financial statements.

RENFREWSHIRE LEISURE LIMITED
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018

	Notes	2018 £	£	2017 £	£
Net cash inflow from operating activities	19		867,712		470,260
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(152,811)		(87,830)	-
Proceeds on disposal of fixed assets		-		-	-
		<hr/>		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment			(152,811)		(87,830)
Increase/(decrease) in cash in the year	19		<hr/>		<hr/>
			714,901		382,430
			=====		=====

RENFREWSHIRE LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2018

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared 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 1 January, 2015) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Renfrewshire Leisure Limited 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(s).

Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiary, Renfrewshire Leisure Trading Limited on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act, 2006.

Going concern

The financial statements have been prepared on a going concern basis. At 31st March 2018 the charity had net liabilities of £744,623 compared to net liabilities of £7,470,748 at 31st March, 2017 but this included the pension reserve of £1,079,000 (2017 - £7,965,000) which is not payable immediately. This reserve depends on a number of factors outwith the control of the charity and can significantly affect the balance sheet. The actuaries have recommended contribution rates for future accounting periods to eliminate this liability and the charity has ensured that based on current projections it can finance these contributions within its projected funding. As such, the directors regard the charity as a going concern.

Accounting judgements & sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Bad debts are provided for where objective evidence of the need for a provision exists.

Inventories are assessed for evidence of obsolescence and a provision is made against any inventory unlikely to be sold, or where stock is sold post year end at a loss.

Income

All income is recognised in the Statement of Financial Activities once the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether "capital" grants or "revenue" grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

RENFREWSHIRE LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2018

1. ACCOUNTING POLICIES continued

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Other income represents those items not falling into any other heading.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Cost of raising funds from commercial trading operations.
- Expenditure on charitable activities includes the costs of activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost based on the percentage of non-business activities.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated to expenditure on charitable activities.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:-

Leasehold improvements	4% to 10%	straight line
Computer equipment	20%	straight line
Plant and machinery	20%	straight line
Fixtures and fittings	20%	straight line

Investments in group companies

Investments in subsidiaries are valued at cost less provisions for permanent diminution in value. Income from investments is included in the period in which it is received.

Stocks

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

Taxation

The charity is exempt from 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 the specified project to which they relate.

Pension costs

The charity operates a defined benefit pension scheme. The regular pension cost is charged to the income and expenditure account based on expected pension costs over the service lives of the employees. Contributions paid to the pension plan are paid according to the advice of actuaries.

RENFREWSHIRE LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2018

1. ACCOUNTING POLICIES continued

Financial instruments

The Charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transactions costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Cash at bank and in hand

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

Debtors

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

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

2. LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee registered with Companies House and the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2017.

The liability of the sole member is limited to £1 being the amount the member is required to contribute in the event of a winding up.

RENFREWSHIRE LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2018

3. INCOME FROM CHARITABLE ACTIVITIES

	2018 £	2017 £
Admission fees and instructors	8,120,817	8,295,201
Public authority service agreement for operating of leisure facilities	9,760,710	9,169,861
Grant income	49,286	120,986
	<u>17,930,813</u>	<u>17,586,048</u>
	=====	=====

4. OTHER INCOMING RESOURCES

	2018 £	2017 £
Other finance income (charge)	(231,000)	(17,000)
	=====	=====
Other finance income represents:		
Expected return on pension scheme assets	1,337,000	1,394,000
Interest on pension scheme liabilities	(1,568,000)	(1,411,000)
	<u>(231,000)</u>	<u>(17,000)</u>
	=====	=====

The net charge of £231,000 (2017 - £17,000) in the current year has been included in pension costs as shown in Note 10.

5. COMMERCIAL TRADING OPERATIONS AND INVESTMENT IN TRADING SUBSIDIARY

The wholly owned trading subsidiary, Renfrewshire Leisure Trading Limited, which is incorporated in Scotland pays all its profits to the charity by gift aid. Renfrewshire Leisure Trading Limited operates the trading operations carried on at Renfrewshire Leisure Limited. The charity owns the entire issued share capital of 1 ordinary share of £1 each. A summary of the trading results is shown below:-

	2018 £	2017 £
Turnover	208,682	152,813
Cost of sales and administrative expenses	117,658	118,263
	<u>91,024</u>	<u>34,550</u>
Net profit	91,024	34,550
	<u>91,024</u>	<u>34,550</u>
	=====	=====
	2018 £	2018 £
The assets and liabilities of the subsidiary were:-		
Current assets	102,710	39,003
Creditors: amounts falling due within one year	102,709	39,002
	<u>1</u>	<u>1</u>
Total net assets	1	1
	=====	=====
Aggregate share capital and reserves	1	1
	=====	=====

RENFREWSHIRE LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2018

6. CHARITABLE ACTIVITIES

	Basis of Allocation	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Payroll and pension costs	Headcount	8,106,801	2,702,267	10,809,068	9,455,197
Travel and subsistence	Headcount	23,271	7,757	31,028	56,387
Property costs	Floor area	1,283,285	427,761	1,711,046	1,613,860
Supplies and services	Direct	1,336,154	445,385	1,781,539	1,940,778
Transport costs	Direct	64,328	21,442	85,770	51,799
Gain on sale of assets	Direct	-	-	-	-
Administration costs	Headcount	596,555	198,852	795,407	838,500
Support costs (Note 7)		3,336,641	1,112,213	4,448,854	3,979,647
		<u>14,903,547</u>	<u>4,967,847</u>	<u>19,662,712</u>	<u>17,936,168</u>
		=====	=====	=====	=====

7. ANALYSIS OF SUPPORT COSTS

	Basis of Allocation	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
General support	Headcount	3,323,450	1,107,816	4,431,266	3,967,647
Legal and accountancy	Headcount	13,191	4,397	17,588	12,000
		<u>3,336,641</u>	<u>1,112,213</u>	<u>4,448,854</u>	<u>3,979,647</u>
		=====	=====	=====	=====

8. STAFF COSTS

	2018 £	2017 £
Wages and salaries	11,901,804	11,524,017
Social security costs	798,287	766,579
Pension costs - current service costs	1,712,000	325,000
	<u>14,412,091</u>	<u>12,615,596</u>
	=====	=====

The directors were not remunerated during the accounting period and did not receive any reimbursements for expenses.

No director or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2017 - Nil).

RENFREWSHIRE LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2018

8. STAFF COSTS (continued)

Staff numbers:

The average number of employees (including casual and part time staff) during the period was made up as follows:-

	2018	2017
	Number	Number
Leisure facilities	498	391
Administration	130	108
Cultural	650	593
	<u>1,278</u>	<u>1,092</u>
	=====	=====

Staff costs include the following number of employees who received remuneration in excess of £60,000.

During the period the Chief Executive was seconded to Renfrewshire Council and her salary costs were refunded to the charity by the Council.

£60,001 - £ 70,000	-	-
£70,001 - £ 80,000	1	1
£80,001 - £ 90,000	-	-
£90,001 - £100,000	1	1

All senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £284,436 (2017 - £244,134).

9 TAXATION

As a charity Renfrewshire Leisure Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act, 1998 or Section 256 of the Taxation of Chargeable Gains Act, 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

10. NET INCOMING RESOURCES FOR THE YEAR

	2018	2017
	£	£
This is stated after charging:		
Operating leases - equipment	303,497	373,091
Depreciation	208,788	97,782
Auditors remuneration - external audit	17,588	16,626
Pension costs	1,712,000	325,000
	=====	=====
Pension costs represent:		
Current service costs	1,481,000	308,000
Negative return on pension assets (Note 4)	231,000	17,000
	<u>1,712,000</u>	<u>325,000</u>
	=====	=====

RENFREWSHIRE LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2018

11. ACTUARIAL GAIN ON DEFINED BENEFIT PENSION SCHEMES

	2018 £	2017 £
Actual return less expected return on pension scheme assets	1,740,000	7,591,000
Experience gains and losses arising on the scheme liabilities	2,962,000	(91,000)
Changes in financial assumptions underlying the present value of the scheme liabilities	4,097,000	(14,829,000)
Changes in demographic assumptions	(432,000)	-
Actuarial (losses) / gains in pension plan	<u>8,367,000</u>	<u>(7,329,000)</u>
	=====	=====

12. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Leasehold improvements £	Computer equipment £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 April 2017	3,443,462	288,447	964,650	216,958	4,913,517
Additions	21,077	-	46,125	85,609	152,811
Disposals	(438,413)	(215,197)	(416,706)	(121,787)	(1,192,103)
At 31st March 2018	<u>3,026,126</u>	<u>73,250</u>	<u>594,069</u>	<u>180,780</u>	<u>3,874,225</u>
Depreciation					
At 1st April 2017	2,158,111	265,450	887,263	195,801	3,506,625
Charge for period	181,963	11,986	753	14,086	208,788
Release on Disposal	(438,413)	(215,197)	(416,706)	(121,787)	(1,192,103)
At 31st March 2018	<u>1,901,661</u>	<u>62,239</u>	<u>471,310</u>	<u>88,100</u>	<u>2,523,310</u>
Net book value					
At 31st March 2018	<u>1,124,465</u>	<u>11,011</u>	<u>122,759</u>	<u>92,680</u>	<u>1,350,915</u>
	=====	=====	=====	=====	=====
At 31st March 2017	<u>1,285,351</u>	<u>22,997</u>	<u>77,387</u>	<u>21,157</u>	<u>1,406,892</u>
	=====	=====	=====	=====	=====

All fixed assets held are used in direct furtherance of the charity's objects.

13. STOCKS

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Goods for resale	32,333	28,243	27,461	27,326
Other stocks	42,117	42,117	40,044	40,044
	<u>74,450</u>	<u>70,360</u>	<u>67,505</u>	<u>67,370</u>
	=====	=====	=====	=====

RENFREWSHIRE LEISURE LIMITED

NOTES ON FINANCIAL STATEMENTS

31ST MARCH 2018

14. DEBTORS

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Amounts falling due within one year				
Trade debtors	476,425	476,425	446,224	410,289
Prepayments and accrued income	579,909	570,260	508,849	508,849
Amount due from Renfrewshire Council	1,443,415	1,443,415	1,058,727	1,058,727
	<u>2,499,749</u>	<u>2,490,100</u>	<u>2,013,800</u>	<u>1,977,865</u>
	=====	=====	=====	=====

15. CREDITORS

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Amounts falling due within one year				
Trade creditors	78,811	74,144	120,177	107,547
Accruals and deferred income	1,755,235	1,744,674	1,555,393	1,555,393
Value added tax	618,448	618,448	489,530	472,713
Amounts owed to Renfrewshire Council	2,332,013	2,244,532	1,307,713	1,298,157
Amounts owed to Renfrewshire Leisure Trading	-	87,825	-	-
	<u>4,784,507</u>	<u>4,769,623</u>	<u>3,472,813</u>	<u>3,433,810</u>
	=====	=====	=====	=====

16. PENSION RESERVE

	2018 £	2017 £
Deficit at 1st April, 2017	(7,965,000)	(328,000)
Current service costs	(3,006,000)	(1,977,000)
Employer contributions	1,743,000	1,673,000
Contributions in respect of unfunded benefits	13,000	13,000
Net return (loss) on assets	(231,000)	(17,000)
Actuarial gains/(losses) during year	8,367,000	(7,329,000)
Effect of business combinations and disposals	-	-
Deficit at 31st March 2018	<u>1,079,000</u>	<u>(7,965,000)</u>
	=====	=====

**17. RECONCILIATION OF MOVEMENTS
IN TOTAL FUNDS**

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Opening total funds	(7,470,748)	(7,470,748)	173,822	173,822
Net incoming/(outgoing) resources for the financial period representing a net increase/(reduction) to total funds	6,726,125	6,726,125	(7,644,570)	(7,644,570)
Closing total funds	<u>(744,623)</u>	<u>(744,623)</u>	<u>(7,470,748)</u>	<u>(7,470,748)</u>
	=====	=====	=====	=====

RENFREWSHIRE LEISURE LIMITED
NOTES ON FINANCIAL STATEMENTS
31ST MARCH 2018

18. RESERVES

	Unrestricted Funds £	Restricted Funds £	Total Funds £
At 1st April 2017	(7,470,748)	-	(7,470,748)
Surplus / (Deficit) for year	6,693,482	32,643	6,726,125
Balance at 31st March, 2018	<u>(777,266)</u>	<u>32,643</u>	<u>(744,623)</u>
	=====	=====	=====

Restricted funds: are restricted to use for the specified project to which they relate.

19. CASHFLOW STATEMENT

(a) Reconciliation of changes in resources to net inflow from operating activities	£
Net incoming resources	(1,640,875)
Pension cost	1,481,000
Depreciation	208,788
Increase in stocks	(6,945)
Increase in debtors	(485,949)
Increase in creditors	1,311,693
Net cash inflow from operating activities	<u>867,712</u>
	=====

£

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

Net funds and debt at 31st March 2017	478,868
Increase in cash in period	714,901
Net funds and debt at 31st March 2018	<u>1,193,769</u>
	=====

(c) Analysis of net funds/debt

	Cash flow £	At 31 March 2018 £	At 31 March 2017 £
Cash at bank and in hand	714,901	1,193,769	478,868
	=====	=====	=====

20. OPERATING LEASE COMMITMENTS

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

	At 31 March 2018 £	At 31 March 2017 £
Annual commitments under non-cancellable operating leases are as follows:-		
Operating Leases which expire:		
Not later than one year	23,729	85,246
Later than one year and not later than five years	-	23,729
Later than five years	-	-
	<u>23,729</u>	<u>108,975</u>
	=====	=====

RENFREWSHIRE LEISURE LIMITED
NOTES ON FINANCIAL STATEMENTS
31ST MARCH 2018

21. RELATED PARTIES

The charity has a close relationship with Renfrewshire Council which provides a service payment to enable the charity to carry out its charitable objectives. During the year ended 31st March 2018, it received a service payment totalling £9,760,710 (2017 - £9,169,861). This funding was received under contracts with the charity to provide leisure services and has been included in the financial statements under the heading Income from charitable activities.

The charity in turn pays Renfrewshire Council certain sums to provide services such as accounting and administration. The amount paid in respect of these services for the year ended 31st March 2018 amounted to nil (2017 - £3,574).

At 31st March 2018, Renfrewshire Council owed the charity £1,443,415 (2017 - £1,058,727) as disclosed in note 14 to the accounts and was owed £2,332,013 (2017 - £2,244,532) by the charity as disclosed in note 15 to the accounts.

22. PENSION COSTS

The charity operates a defined benefit pension scheme.

The amounts in the financial statements for the year ended 31st March 2018, relating to pensions, are based on a full actuarial valuation dated 31st March 2018. Pension costs are summarised in note 10 to the accounts.

The agreed contribution rate for future years is 19.3%.

The main financial assumptions used in the actuarial valuation were as follows:-

	2018	2017
Rate of increase for pensions	2.3%	2.4%
Rate of increase in salaries	3.5%	4.4%
Discount rate for liabilities	2.7%	2.7%

The following is the history of experience gains and losses in the scheme:-

	Assets at 31st March 2018 £'000	Assets at 31 March 2018 £'000	Assets at 31st March 2017	Assets at 31 March 2017 £'000
Equities	75%	39,851	78%	38,257
Bonds	10%	5,588	6%	2,735
Properties	12%	6,335	12%	5,875
Cash	3%	1,696	4%	1,835
Total		53,470		48,702
Total market value of assets		53,470		48,702
Present value of scheme liabilities		54,210		56,323
Present value of unfunded liabilities		339		344
Total value of liabilities		54,549		56,667
Net pension asset/(liability)		(1,079)		(7,965)

RENFREWSHIRE LEISURE LIMITED
NOTES ON FINANCIAL STATEMENTS
31ST MARCH 2018

22. PENSION COSTS (CONTINUED)

The following is the history of experience gains and losses in the scheme:-

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Difference between the expected and actual return on assets	1,740	7,591
Value of assets	53,470	48,702
Percentage of assets	3.25%	15.6%
Experience gains/losses on liabilities	2,962	(91)
Total present value of liabilities	54,549	56,667
Percentage of the total present value of liabilities	5.4%	(0.16%)
Actuarial gains/losses recognised in SOFA	8,367	(7,329)
Total present value of liabilities	54,549	56,667
Percentage of the total present value of liabilities	15.3%	(12.9%)

23. CAPITAL COMMITMENTS

At 31st March 2018 the company had authorised and contracted capital commitments amounting to £12,000 (2017 - £Nil).