

AUDIT AND GOVERNANCE COMMITTEE

18 FEBRUARY 2020

AGENDA ITEM 7 – ENJOYLEISURE REPORT 2018/19

ADDENDUM PAPER

ENJOY EAST LOTHIAN LIMITED

(A company limited by guarantee)

Report and Financial Statements

For the year ended 31 March 2019

Company number – SC356338

Charity number – SC040527

ENJOY EAST LOTHIAN LIMITED

Financial Statements

For the year ended 31 March 2019

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ENJOY EAST LoTHIAN LIMITED

Trustees' Report

For the year ended 31 March 2019

Joint Introduction by the Chairman and General Manager

I am delighted to present the 2018/2019 Annual Report for Enjoy East Lothian Ltd (**enjoy**leisure).

During the period 2018/2019 we have continued to improve the delivery of services, so that our customers have a better experience when visiting **enjoy** managed facilities. These changes have been made against a background of continued financial pressures, through increasing competition from the private sector and reduced contract payments from East Lothian Council.

This could not have been achieved without having the necessary skills within the Trust, both through a dedicated workforce and a committed Board of Directors volunteering to support the business executive, all in support of the best service for our customers.

To continue to develop and thrive as a business, balancing our customer service, charitable and commercial objectives, we need to constantly pursue an agenda of change and improvement. We are therefore we continue to investigate new and innovative business opportunities that will ultimately make the Trust more self-reliant, however, this needs to be achieved without compromising our charitable status.

Our commitment and passion to make East Lothian a healthier and prosperous place for everyone to live and visit is even stronger today than it was in 2009 at our foundation. We continue to play a vital role, alongside all our partners, in enriching the lives of the communities we serve. We also acknowledge the responsibility we have in serving as a catalyst for encouraging visitors to local communities and the wider economic benefits that can be achieved from being at the heart of all our major towns.

We believe that **enjoy** - because of our creative working and our relationships with partners, especially East Lothian Council, NHS, SportScotland and other sporting bodies - will continue to deliver real benefits and new opportunities for our communities to improve their health and wellbeing. However, it is also important that individuals and groups can access their chosen sporting and physical activities at an affordable price to achieve their goals, or simply just have fantastic and healthy fun.

We are delighted to report that we again continue to improve our performance across the business. This includes increased attendances throughout East Lothian and the successful delivery of improved and significantly increased recreation and health-coached programmes, including our extremely successful and expanding Learn to Swim programme.

Our partnership with East Lothian Council remains highly productive and delivers significant benefit to the Council Tax Payers of East Lothian and to the health and wellbeing of East Lothian residents and visitors. There are, however, challenges, in addition to the funding climate - finite capacity in one of the fastest growing counties in Scotland means that both parties will need to work together to continue to meet the increasing demands of our customers and do so in an affordable and sustainable way with a high emphasis on customer safety and service.

On a sadder note, this will be my last major task as Chair of Enjoy East Lothian Ltd as I will be retiring from the Board of Enjoy on the 23rd September 2019. Having been appointed as one of the first non-executive directors of Enjoy in 2009, I have thoroughly relished the role and will miss being involved, however, I know Enjoy will continue to succeed in providing high quality facilities and services for many years to come. I am also confident that under a new chair Enjoy will not become complacent and will continually strive to improve and develop during the next decade and I wish all our customers, staff and the Board of Directors all the very best for the future.

Gordon Wales
Chair of Enjoy East Lothian (**enjoy**leisure)

Bill Axon
General Manager

ENJOY EAST LoTHIAN LIMITED

Trustees' Report

For the year ended 31 March 2019

The Trustees are pleased to present their annual report (including their strategic report) and audited financial statements for the year ended 31 March 2019.

Objectives and Activities

The primary objective of Enjoy is to Get East Lothian Active. Our other objectives are:

- To provide recreational facilities for the people of, and visitors to East Lothian.
- To organise recreational activities, which are available to members of the public at large with the objective of improving their conditions of life.
- To contribute to advancing the wellbeing of the inhabitants of and visitors to the area.

A wide range of measures is used to assess the performance of the charitable company against its goals. Statutory performance indicators relate to customer visits. Total customer visits for the period to 31 March 2019 were 1,259,004.

TRUSTEES' STRATEGIC REPORT

Achievements and Performance

Enjoy East Lothian Limited was set up to manage and develop all East Lothian Council's indoor and outdoor leisure facilities for the benefit of the communities within the area described as East Lothian. Our corporate objective is to bring a business-focused approach to the management of leisure services with surpluses generated retained and re-invested in service, activity and facility improvement. **enjoy's** existence is for the sole purpose of providing superior sporting, leisure and fitness facilities at affordable prices. We do this in partnership with East Lothian Council by reinvesting in our service to ensure the communities of East Lothian reap the long-term benefits not only in terms of high quality and above standard facilities but improved opportunities for participation.

We are committed along with our partners to continuing to improve our facilities by making them sustainable, accessible and equipped to the highest standard this includes an extensive outdoor portfolio.

As a Leisure Trust one of our main responsibilities and commitments is to ensure wherever possible that all our facilities are both affordable and accessible to all individuals and groups. We uphold this commitment by continuing to keep our prices competitive and any increase in charges remains in line with or below current inflation rates. We additionally provide a number of membership and discounted access schemes to promote frequent use at beneficial rates. Through our joint initiative with East Lothian Council, the 'Access to Leisure' continues to provide significantly reduced admission rates off-peak for East Lothian residents on low incomes, in receipt of benefits or those enrolled in health/wellness programmes.

A positive feature is that our services and facilities are based in all the major towns in East Lothian and in nearly every instance are accessible by public transport. This enables the majority of residents the opportunity to gain access to sport centres etc. within a short time of leaving their own front door.

2018/19 was a challenging year for **enjoy**, which started with a £150k reduction in our contract payment from East Lothian Council. We also started the financial year in a deficit position, and as such the strategic objective for 2018/19 was to deliver efficiency savings across the organisation, whilst developing income generation initiatives.

Some of our goals and objectives achieved during 2018/2019 are highlighted below:

Efficiency Savings

- **Streamlining of Staffing Rotas**

With the aim of delivering a more efficient and effective staffing structure, an extensive exercise was carried out to review each Sports Centre's staffing rota, and align this to needs of the organisation in terms of the activity programme delivered at each site. This included analysing the centre programme in 15min segments to identify the appropriate number of staffing required to achieve each task. In doing so we were able to identify opportunity for growth/expansion of our coached activity programmes, whilst also make efficiency savings on staffing costs. In addition, we were able to appropriately allocate sufficient time to the Assistant Service Managers to be able to undertake all of their necessary administrative responsibilities.

This process is now complete for 4 of the 6 main sites. We have been able to achieve between a 5 and 8 % saving on staffing costs and have achieved an average 98% efficiency in Leisure Assistant time. We have identified ways in which we can ensure staffing levels are targeted at times of greatest need and ensured consistency across all

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Trustees' Report

For the year ended 31 March 2019

sites. Our ability to 'cover' shifts due to sickness or holiday absence has been improved. We have factored in the need to provide cover for additional swimming lessons teachers to cope with our ambitious Learn To Swim programme development plans, although more teacher resource will be required in order to fully implement these expansion plans.

- **Memberships Agreement with Mercat Gait Centre**

A partnership agreement has been in place with the Mercat Gait Centre (MGC) in Prestonpans, (which is managed by a commercial entity FES FM), to include the MGC within the **enjoy**leisure membership scheme. This enables customers signing up to the membership scheme at the MGC to also gain access to the gyms / swimming pools / health suites & fitness classes at the 6 East Lothian Sports Centres managed by **enjoy**leisure and vice-versa. This agreement allowed FES FM to retain 90% of the membership income from those who signed up at the Mercat Gait.

However, a review of the membership usage in 2017/18, indicated that a significant proportion of 'MGC members' where utilising **enjoy** facilities, which was not reflected in the payment agreement. A series of negotiations were undertaken between **enjoy**, FES FM & East Lothian Council's Public, Private Partnership team throughout March – May 2018 to establish a revised payment structure that was agreeable to all parties.

Following the negotiations, a revised agreement was established which set out 10% of the membership income generated from applications at the Mercat Gait Centre would be paid to **enjoy** for administration purposes. The remaining 90% of the income would be 50% split between **enjoy** and FES FM to reflect membership usage across the facilities.

- **Access to Leisure Price Increase**

In July 2018, an increase of 50p was made to the off-peak admission rate to the Access to Leisure scheme. Previously set at £1 per visit, this increase, although significant in percentage terms, still maintained a considerable saving to eligible participants of the scheme to standard admission prices. The increase was agreed by the sponsor of the scheme, East Lothian Council and was ratified by elected members.

- **Withdrawal of Summer Free Swim Initiative**

It was with great regret that the decision was made to withdraw the Free Child Swim initiative during 2018. The scheme previously allowed children up to 17 years the ability to swim for free across East Lothian for 6 weeks during the summer months between the hours of 11am-4pm. When the initiative was first introduced in 2004 it was funded by the Scottish Government, and then upheld by the local authority.

Since 2009, **enjoy**leisure independently financed and supported the scheme, however given the efficiency savings required for 2018/19, the difficult decision was taken to withdraw this initiative. Free Swims continued to be available to all children enrolled within the Get in the Swim, swimming lesson membership scheme as part of their membership benefits.

The impact of the withdrawal of the initiative did have a negative impact on total swim participation figures, with a loss of 9K visits year on year. In financial terms, however it provided an £19k increase in income for the organisation.

General Data Protection Regulations

- With the introduction of the new General Data Protection Regulations coming into effect on May 25th, a considerable effort was made by **enjoy**leisure to realign our data collection, storing and sharing practices. As well as updating all data collection material, this included a significant upgrade of our EPOS and customer data management system, Gladstone. Furthermore, a training programme was delivered to staff at all levels of the organisation, to embed the importance and revised procedures required in terms of data collection, processing and security.

North Berwick Sports Centre Refurbishment

- In November 2018, North Berwick Sports Centre closed its doors to the public for 5 days in order to undergo a refurbishment upgrade. This included replacement floor coverings in public entrance, reception café, and access hallways. Additionally the pool hall benefited from new overhead lighting, a refurbishment of the pool-side shower area. Further improvements were made to improve the overall maintenance of the building.

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Ormiston Pavilion

- Ormiston Pavilion became operation in May 2018. This is a community facility, with the local football club, Ormiston FC having priority booking rights under a User Agreement with East Lothian Council and Enjoy, however with its changing rooms and community space, can be hired for multiple community purposes, and was for example used by the Gala Committee during the summer.

Café Branding

- **enjoy**leisure provides a café provision within 5 of its Sports Centres, with a catering service available during special events at its 6th site, Meadowmill. New café branding materials were introduced at all sites, injecting some fresh-life into the look and feel of the café provision, with new menus, light-box displays and prominent café signage.

Learn to Swim Programme

- Following the launch of the new Get in the Swim, swimming lesson membership programme in September 2017; the initiative has grown from strength to strength. Within the first year, a further 300 participants had joined the programme.
- As the expansion of lesson provision continues, we have introduced a recruitment, training and development programme to internally progress the development of Leisure Assistants through their Swimming Teachers qualifications. Furthermore the swimming lesson schedule provides for dedicated CPD sessions for swim teachers to enhance and develop their skill sets. The Swim Coordinators now in place, have begun mentoring and development of swim teacher to boost their confidence and capabilities.
- Our Swimming Development Officer, Karen Ferguson is now a qualified Swimming Teacher Tutor, meaning that we can progress the development of our internal staff without sourcing external tutors. It also provides an opportunity to increase income by opening spaces up on courses to members of the public.
- The two appointed full time Swimming Coordinators have had their temporary contract extended for another year, with the intention of reviewing these posts in 2019/20

Learn to Swim Provider of the Year Finalist

- We were also delighted to have our successes within our Swimming Lesson programme recognised by industry partner Scottish Swimming. In September 2019, **enjoy**leisure was selected as one of 3 finalists for Scottish Swimming's Learn to Swim Provider of the Year Award. As part of our finalist nomination, Scottish Swimming attended lessons at Dunbar Leisure Pool, creating a promotional video with interviews with swimming teachers, Kristina Lorimer, Martin Cameron and Swimming Development Officer Karen Ferguson. Regrettably **enjoy** missed out on achieving the award which went to Glasgow Life. However to be identified as a finalist was an achievement in itself!

Gymnastics

- The gymnastics programme continues to remain strong across the county, with the programme delivered at 4 sports centres; Aubigny, Loch Centre, Musselburgh Sports Centre and Meadowmill. For the first time we have encountered a competitor to our programme. Saltire Team Gymnastics, an East Lothian Club who continues to utilise **enjoy's** facilities, have set up their own premises at the neighbouring former Meadowmill Golf Range, and are now actively delivering and promoting recreational classes. We have seen a slight decrease in our enrolment figures at Meadowmill and Loch Centre.

We have however, identified an opportunity to recoup these losses by establishing a gymnastic programme at North Berwick Sport Centre. A public feasibility study was carried out via social media and in centre in January 2019, which indicated significant demand for such a proposition. A formal proposal has been drafted to include the purchase of gymnastics equipment and staffing to deliver the programme.

Macmillan Move More Programme

- **enjoy**leisure successfully secured funding from Macmillan Cancer Research in order establish a Move More programme in East Lothian. The initiative provides funding for 3 years, within which **enjoy**leisure will establish its own physical activity programme for those living with and beyond cancer. To date we have appointed Shauna Cunningham as the Part Time Macmillan Move More Coordinator (February 2019). She will lead the project for **enjoy**, and will in time be assisted by a Part Time Move More Facilitator, to deliver tailored exercise classes.

IT Developments

- A successful installation of the Gladstone EPOS system was installed at Winterfield Golf Course in April 2018, which has enabled a more efficient and seamless accounting of both users and income at the golf course.

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- As reported earlier, a successful upgrade of the Gladstone EPOS system was completed in September 2018 to ensure compliance with GDPR regulations.
- In February 2019, **enjoy** complete the first installation of a new software programme, "Learn2" provided by Gladstone which allows for the electronic tracking and monitoring of participants within coached activity programmes. Linked via handheld Ipads used by coaches, participants can be monitored and assessed against set criteria. This links back to a management portal used by administrators to manage the booking, movement and allocation of classes across the programme. The software also has the provision of a parental portal, which allows access for parents to monitor the progress of their child and process payments online. The system also includes a provision for enhanced e-communication with participants / parents. Considerable configuration is required to get the software to get up and running, which is being progressed in conjunction with the IT team at East Lothian Council.

Service Level Agreements

- Finance Service Level Agreement (SLA) continues, following its 2 years extension in 2017, which also covers payroll services.
- Training and Development and Health & Safety SLA have been agreed.
- IT Service Level agreement extended for another year.

In-house HR Function

- The HR function has now successfully transferred in-house, with both a full-time HR Business Manager and part-time HR administrator in post.
- There have been some teething problems since the transfer, especially surrounding access to existing HR systems, however these continue to be developed to meet the needs of **enjoy** as an independent organisation.
- HR will play a critical part in achieving efficiencies with the development of a specific HR and People Development strategy that supports the future of work within Enjoy.

Pay Award

- Despite the financial challenges, **enjoy** remained committed to their workforce and through discussions with the Trade Unions were able to apply a 2% pay award to all employees. This was actualised in May 2018. Furthermore **enjoy** guaranteed to the Trade Unions that there would be no changes to staffing terms & conditions or redundancies during 2018/19.

Staffing Establishment

- There were a number of staffing changes throughout 2018/19. **enjoy** upheld its commitment to the Trade Unions, however where we had members of staff retiring, their positions were not refilled, and their responsibilities were absorbed by the existing staffing complement. This included a full time head office administration team member, a part time staff trainer. Additionally the decision was made not to renew the contract of the social inclusion officer, at 4 hours per week.
- Other staffing changes included the appointment of
 - Head Office Function
 - Colin Sturrock as HR Business Manager, (end of March 2019)
 - Shipra Srivastava as Finance Assistant, (August 2018)
 - Lynsey Fletcher as Business Analyst, (March 2018)
 - Across the Front-Line Service
 - 43 Leavers
 - 48 New Starts

New Uniform Launch

- On Monday 26th November 2018, we launched a brand new uniform for front-line staff. This included the creation of a bespoke uniform for **enjoy** incorporating purple and gold branded polo-shirts, black shorts/trousers, purple coach t-shirts, purple tabards for cleaners and refreshed black polo-shirts and purple aprons for café staff. A capital investment for **enjoy**, the new uniforms provided a bright, colourful and easily identifiable uniform for employees within the Sports Centres.

Staff Training

- Through the Future Workforce Development Fund we engaged with Edinburgh College in order to deliver a number of specific training courses for our employees. This included:
 - Leading & Motivating Teams x2 sessions - attended by 25 employees / out of possible 25
 - Communication Skills x2 sessions – attended by 22 employees / out of possible 24

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- Coaching & Mentoring x1 session – attended by 8 employees / out of possible 12
- Supervisory Skills (3 day workshop) – attended by 12 employees / out of possible 12
- Performance Management – attended by 8 employees / out of possible 12
- Senior Management Review – providing a brief summary of the provided sessions, and outcome / feedback from the participants
- Mental Health Workshop on Anxiety x1 – attended by 13 employees / out of possible 16
- Mental Health Workshop on Depression x3 - attended by 16 employees / out of possible 36
- As part of **enjoy**leisure's participation in the Leisure Watch Scheme, 3 sessions were delivered throughout 2018/19 to provide training and support to staff to help them recognise concerning behaviour and act to stop it, making our public spaces safer for us all.

Direct Partners

- Our continued relationship with Direct Partnership, has allowed a further 3 Employability Placements to take place across the organisation. This is less than in previous years, however this was due to external funding restraints out with **enjoy**'s control.
- Additionally 2 employees completed Modern Apprenticeships in Level 2 Facility Operations, and went on to start Level 3 MAs in Supervisory Management, one employee started an MA in Level 3 Digital Marketing.

Externally Delivered Training Courses

- **NPLQ**

The National Pool Lifeguard Qualification is one of the minimum qualification requirements for our Leisure Assistant posts. By delivering our own NPLQ courses (with in-house instructors), we are not only able to generate additional income for the organisation, but also utilise this course as an opportunity to recruit new employees to the organisation.

During 2018/19, we hosting 4 NPLQ courses across the county which was attended by 44 attendees.

Preparations for 2019/20

- In preparation for further cuts from East Lothian Council's management fee and significant increases in utility costs, the **enjoy** management team have been preparing a further strategic options paper to identify where **enjoy**leisure can reduce costs, increase income and improve efficiency, in order to maintain and where possible increase our service provision. The outcome of the decisions, may be significant in terms of service delivery and working terms and conditions for employees; however we believe that they may be necessary, in order to safeguard the future of the organisation.

The Board identifies that 2018/19 has been a challenging period for **enjoy**. Managing a business during the current economic environment remains challenging, however management and staff have ensured progress by providing a stable business platform, whilst building for the future.

The Board acknowledges and thanks the continued efforts and progress made by Bill Axon and all his team to achieve efficiency savings, whilst also developing areas of the business and workforce for the continued benefit of the local community.

Financial Review

Total income for the charitable group for the financial year was £6,705,810. The income from direct funding was £2,015,262 a decrease of £209,338 in 2018/19. Income from the charity's activities was £4,019,100, an increase of £159,802 on 2018. This increase in income came principally from swimming income, coached activities, golf memberships and hall hire income.

Expenditure on charitable activities for the year was £6,272,567, excluding defined benefit pension scheme adjustments.

The trading subsidiary's loss for the year is £22,128, down from a loss of £39,700 the previous year. The turnaround strategy will continue to be implemented with a view to returning it to profit.

Net expenditure for the group for the year is £1,317,024 (2018: £1,096,649).

Excluding the defined benefit pension scheme realised movement, the underlying deficit from activities for the year is £228,024 (2018 deficit of £271,649).

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At 31 March 2019 the FRS 17 valuation of the pension scheme resulted in a net pension liability of £4,993,000, this is recognised in the Balance Sheet. The valuation has resulted in an actuarial loss of £658,000 being recognised in the Statement of Financial Activities in the year. The balance on the pension fund will change annually according to economic conditions and the Trustees will keep the position under review.

There were no significant one-off items of expenditure charged to the statement of financial activities in either 2018/19 or 2017/18.

All costs incurred were in support of the key objectives of Enjoy.

Principal funding sources

Enjoy received a management service fee of £2,015,262 (2018: £2,224,600) from East Lothian Council in the year ended 31 March 2019.

Investment policy

The charitable company had funds held on short-term deposits during the year to 31 March 2019. The Board will invest any excess funds as and when it benefits the company.

Reserves Policy

It is the intention of the Board to accumulate a reserves fund to provide some protection and mitigate against future economic conditions. Monies will be set-aside for this purpose.

- **General funds** are unrestricted funds available for use at the discretion of the Trustees in furtherance of the general objectives of the company, which have not been designated for any other purpose.
- **Designated funds** are unrestricted funds set-aside for a specific purpose, which will be utilised during the next and future accounting periods against specific expenditure for asset improvement.
- **Restricted funds** are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim of each restricted fund is set out in the notes to the financial statements. The balance of restricted funds as at 31 March 2019 is £15,855 (2018: £15,855). It is the intention of the Board to set aside specific reserves for future capital work to Dunbar Leisure Pool.

Risk Management

The key risks that the charitable company is exposed to are identified in the risk register, together with actions to minimise these risks. The risk register is reviewed by the Finance, Risk, Scrutiny & Performance committee and ultimately the Board. The risk register records financial, strategic and operational risks.

The Board will assess and record the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and will be satisfied systems are in place to mitigate those risks. A workshop will be held for members of the Board and Senior Managers to revise the current risk register in line with best practice.

Ongoing challenges with regards the continuing levels of public funding being available to local authorities remains a major uncertainty and therefore a significant risk to the ongoing success of Enjoy East Lothian Limited. The ability of our main partners to sustain contract payment levels and their capacity to maintain and improve current building stock are both subjects that will continue to be a topic of dialogue between relevant parties. This is to ensure that any actions required in determining appropriate undertakings to maintain service delivery are fully considered.

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Plans for Future Periods

New and ongoing initiatives include:

Service Delivery

- Review of service provision, included but limited to crèche / soft play / café provisions
- Further development and expansion of the Get in the Swim Programme
- Consider the merits of a licencing scheme for approved and qualified Personal Trainers to access BodyWorks gyms with their clients, compared to alternative of providing this service in-house.
- Review of the temporary full time Swimming Coordinators roles, to assess their viability as permanent posts.
- Develop a recreational gymnastics pathway, with key stage levels and assessment criteria.
- Following the feasibility study, progress the proposal to deliver a gymnastics programme at North Berwick Sports Centre
- Develop the Macmillan Move More Programme to establish a stakeholder steering group, recruit volunteers and establish a range of tailored physical activity programmes for people living with cancer.
- Review & further development of the membership scheme
- Continuously strive to enhance and develop customer service standards to achieve 4 star VisitScotland Quality Assurance grading at all sites.
- Continue the development of a new website, which integrates with the EPOS system
- Work with partners on Leisure Provision in the new town development at Blindwells, and at the new schools being built to service the large scale house building across the county.
- Work with partners the potential Leisure Provision to be incorporated into the new Wallyford High School

IT Developments

- Progress the installation of software from Gladstone called "Learn2", in the first instance with swimming lessons, then developing to include gymnastics, trampolining & climbing.
- Upgrade IT desktop PCs & laptops to Windows 10

HR Developments

- Review the existing management structure
- Review of staffing terms & conditions
- Review existing HR policies to ensure compliance and that they meet the developing needs of the organisation. This will include (but is not limited to) induction, training and development and appraisal processes.

Maintenance

- Work with partners at ELC on plans for upgrading / replacement of the swimming pool boom facilities at Musselburgh & North Berwick
- Work with partners to deliver the repairs / upgrades to the sky-light windows at Aubigny Sports Centre above the swimming pool, and provide the pool hall with a cosmetic facelift.

enjoyleisure will continue its execute its vision to inspire active communities, and uphold its commitment to providing facilities, services and activity programmes that encourage active participation to enrich the physical and mental wellbeing of the people and communities it serves.

Current predictions for 2019/20 indicate a challenging year for **enjoy** especially given the indicated further contract payment reductions and utility supplier increase. As such, we will continually review our existing operational and management practices to identify further efficiency savings, as well as exploit opportunities for income growth, while upholding our community and charitable objectives.

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Structure, Governance and Management

The company has charitable status under sections 466 to 493 Corporation Tax Act 2010. The Scottish Charity Number is SC040527.

Enjoy East Lothian Limited (Enjoy) is a company limited by guarantee, governed by its memorandum and articles of association and does not have any share capital. The charitable company was incorporated on 10 March 2009 and commenced trading on 1 October 2009. Each Trustee has undertaken to contribute an amount not exceeding one pound towards any deficit arising in the event of the charitable company being wound up. The charitable company is a not for profit distributing organisation and any surplus generated, other than that required to keep the reserves at the agreed level, if generated is available to reinvest in the charitable company to maintain and improve the service.

Enjoy East Lothian Limited has one wholly owned trading subsidiary, Enjoy East Lothian Trading Limited, the principal activity of which is the operation of cafés.

Organisational Structure

The Board meets regularly with Trustees and Senior Management present. Decisions are taken to set the overall strategy for the business as well as to monitor its activities.

There are currently three sub-committees of the Board dealing with specific areas of the business:

- The Finance & Risk sub-committee assists the Board with issues in relation to Governance, Scrutiny and Policy in the areas of Finance, Audit, IT, Legal, Admin and Procurement, reviewing the suitability and effectiveness of the company's financial management and internal controls.
- The Human Resources sub-committee reviews policies and procedures regarding HR matters and acts as the Appeals Panel for the company's discipline and grievance procedure.
- The Business Development sub-committee assists the Board with issues in relation to future planning, business opportunities, diversification and marketing.

Senior Management is charged with the task of implementing these decisions.

Recruitment and appointment of Board members

Enjoy's Board currently comprises eleven Trustees. Seven are co-opted from the local community and four are nominated elected members of East Lothian Council.

The Trustees who served during the year and up until the date of this report are noted on page 10. Trustees are not remunerated but are able to claim reasonable expenses incurred in the performance of their duties.

A mechanism will be developed for the removal of **enjoy**leisure Trustees who do not attend Board meetings for an extended period without a satisfactory explanation; bringing it in line with the current mechanism for Enjoy Trading.

Trustee induction and training

Induction training for Trustees and Non-Executive Directors was undertaken prior to business commencement. An induction pack has been developed for Trustees covering the strategic and operational issues affecting the company. The ongoing training needs of Trustees will continue to be reviewed by the Board.

Corporate Governance

The Board is committed to demonstrate good Corporate Governance and compliance with the Nolan recommendations in this respect. To this end it has established a Finance, Risk, Scrutiny & Performance committee that works to a pre-determined Audit Plan based around these principles. This sub-committee monitors and considers the company's compliance and records through the Finance, Risk, Scrutiny & Performance committee minutes its findings which are then reported to the full Board of Trustees.

Indemnity insurance

In accordance with the Companies Act, the charitable company confirms that it has in place a Directors and Officers Insurance Policy.

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Equal Opportunities Policy

The company is committed to providing a working environment in which employees are able to realise their full potential and to contribute to its business success. To this end the company is determined to make all efforts to prevent discrimination or other unfair treatment against any of its employees, potential employees or users of its services, regardless of race, colour, nationality, ethnic or national origin, religion or belief, disability, Trade Union membership or non-membership, sex, sexual orientation or marital status, age, or being a part-time or fixed term worker or offending background that does not create risk to vulnerable people. This is a key employment value to which all employees are expected to give their support.

The company's policies for recruitment, selection, training, development and promotion, are designed to ensure that no job applicant or employee receives less favourable treatment on these grounds. The company expects its employees to support this commitment and to assist in its realisation in all possible ways. Specifically, the company aims to ensure that no employee or candidate is subject to unlawful discrimination, either directly or indirectly, on the grounds of gender, race (including colour, nationality or ethnic origin), sexual orientation, marital status, part time status, religion or belief, disability or age. This commitment applies to all aspects of employment, including recruitment and selection, advertisements, job descriptions, interview and selection procedures. This policy also covers training; promotion and career development opportunities; terms and conditions of employment, and access to employment related benefits and facilities; grievance handling and the application of disciplinary procedures; and selection for redundancy.

Employee Information

The company maintained over the period up to date records and statistics on all Human Resource matters and provided this information to a number of agencies for monitoring purposes.

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Trustees' Attendance at Board Meetings

From 1 April 2018 to 31 March 2019:

Enjoy Board	21/05/2018	29/08/2018	19/11/2018	18/02/2019	% Attendance
Gordon Wales	P	P	P	P	100%
Michael Donoghue	P	A	P	P	75%
Jim Goodfellow	P	P	P	P	100%
Chris Lawson	P	A	P	A	50%
Gordon Mackett	P	P	A	A	50%
Colin McGinn	P	A	A	P	50%
John McMillan	P	P	P	P	100%
Phil Spencer	P	P	P	P	100%
Janice Thomson	P	A	P	P	75%
Mark Elliot	P	A	A	A	25%
Virginia Heggie	P	A	A	A	25%
Jon Turvill	A	P	P	A	50%

Apologies	A
Present	P
Resigned	R

ENJOY EAST LoTHIAN LIMITED

Trustees' Report

For the year ended 31 March 2019

Reference and administrative details

Charity registration number: SC040527
Company registration number: SC356338

Trustees

The Trustees of the charity (who are also the Directors of the charity for the purposes of company law) who held office during the year were as follows:

Gordon Wales (Chair)
Gordon Mackett
Colin McGinn
James Goodfellow
John McMillan
Janice Thomson
Christopher Lawson
Jonathon Turvill
Michael Donoghue
Philip Spencer
Mark Elliot (appointed 21 May 2018)
Virginia Heggie (appointed 21 May 2018)

Secretary

Bill Axon

Bankers

Bank of Scotland plc
44 Court Street
Haddington
EH41 3NP

General Manager

Bill Axon

Solicitors

Shepherd & Wedderburn WS
155 St. Vincent Street
Glasgow
Lanarkshire
G2 5NR

Registered Office

Musselburgh Sports Centre
101 Newbigging
Musselburgh
East Lothian
EH21 7AS

Auditors

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Senior Management Team

Bill Axon	General Manager
Neil Aitken	Senior Manager
Tina Harkess	Senior Manager
Ian Sills	Senior Manager

ENJOY EAST LOTHIAN LIMITED

Trustees' Report

For the year ended 31 March 2019

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the group and the company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 8 and 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Messrs Scott-Moncrieff, Chartered Accountants, are the Auditors of the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

The Trustee's Report (incorporating the Trustee's Strategic Report) was approved by the Board, in their capacity as company directors, and authorised for issue on 24 September 2019 and signed on its behalf by:

Gordon Wales
Chair

ENJOY EAST LoTHIAN LIMITED

Independent Auditor's Report to the Members and Trustees of Enjoy East Lothian Limited

For the year ended 31 March 2019

Opinion

We have audited the financial statements of Enjoy East Lothian Limited (the 'parent charitable company') and its subsidiary (the group) for the year ended 31 March 2019 which comprise the Group and Parent Charitable Company Statement of Financial Activities (incorporating the Income and Expenditure Account), the Group and Parent Charitable Company Balance Sheet, the Group Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2019 and of the group's and parent charitable company's 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company'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.

ENJOY EAST LOTHIAN LIMITED

Independent Auditor's Report to the Members and Trustees of Enjoy East Lothian Limited

For the year ended 31 March 2019

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 Auditor's Report 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.

Opinions 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 Trustees' Report (incorporating the Strategic Report), which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report (incorporating the Strategic Report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (incorporating the Strategic Report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are the directors for the purposes of company law and trustees for the purposes of charity 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 group's and the parent 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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

ENJOY EAST LOTHIAN LIMITED

Independent Auditor's Report to the Members and Trustees of Enjoy East Lothian Limited

For the year ended 31 March 2019

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Auditor's Report.

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the parent charitable company's members, as a body, and the charitable company's trustees, as a body, those matters we are required to state to them in an Auditor's 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 parent charitable company, the parent charitable company's members, as a body, and the parent charitable company's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett, *Senior Statutory Auditor*

For and on behalf of Scott-Moncrieff,

Scott-Moncrieff is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

September 2019

ENJOY EAST LOTHIAN LIMITED
Group Statement of Financial Activity
For the year ended 31 March 2019

Notes	Unrestricted Funds-Non designated Funds £	Unrestricted Funds Pension Fund £	Unrestricted Funds Revaluation Fund £	Total Unrestricted Funds £	Restricted Funds £	Year to 31 March 2019 £	Year to 31 March 2018 £
Incoming and endowments from:							
<i>Donations and legacies</i>							
4	32,309	-	-	32,309	-	32,309	25,053
<i>Charitable activities</i>							
	1,794,168	-	-	1,794,168	-	1,794,168	1,759,385
	2,224,932	-	-	2,224,932	-	2,224,932	2,099,913
5	2,015,262	-	-	2,015,262	-	2,015,262	2,224,600
<i>Other trading activities</i>							
22	639,139	-	-	639,139	-	639,139	600,242
<i>Investments</i>							
6	-	-	-	-	-	-	6,930
Total	6,705,810	-	-	6,705,810	-	6,705,810	6,716,123
Expenditure on:							
<i>Charitable activities</i>							
8	(6,108,860)	(988,000)	(163,707)	(7,260,567)	-	(7,260,567)	(7,012,490)
<i>Other</i>							
22	(661,267)	-	-	(661,267)	-	(661,267)	(699,282)
11	-	(101,000)	-	(101,000)	-	(101,000)	(101,000)
Total	(6,770,127)	(1,089,000)	(163,707)	(8,022,834)	-	(8,022,834)	(7,812,722)
Net gains/(losses) on investments							
	-	-	-	-	-	-	-
Net income/(expenditure)							
	(64,317)	(1,089,000)	(163,707)	(1,317,024)	-	(1,317,024)	(1,096,649)
Other recognised gains/(losses):							
11	-	(658,000)	-	(658,000)	-	(658,000)	940,000
Net movement in funds							
	(64,317)	(1,747,000)	(163,707)	(1,975,024)	-	(1,975,024)	(156,649)
Reconciliation of funds:							
Total funds brought forward							
	4,231,047	(3,246,000)	2,928,286	3,913,333	15,855	3,929,188	4,085,838
Fund balances carried forward							
	4,166,730	(4,993,000)	2,764,579	1,938,309	15,855	1,954,164	3,929,189

All activities of the charity relate to continuing activities.

The notes on pages 22 to 36 form part of these financial statements

ENJOY EAST LOTHIAN LIMITED
Charity Statement of Financial Activity

For the year ended 31 March 2019

Notes	Unrestricted Funds-Non designated Funds £	Unrestricted Funds Pension Fund	Unrestricted Funds Revaluation Fund	Total Unrestricted Funds	Restricted Funds	Year to 31 March 2019 £	Year to 31 March 2018 £	
Incoming and endowments from:								
<i>Donations and legacies</i>								
Voluntary income	4	32,309	-	-	32,309	-	32,309	25,053
<i>Charitable activities</i>								
Membership fees		1,794,168	-	-	1,794,168	-	1,794,168	1,759,385
Services		2,224,932	-	-	2,224,932	-	2,224,932	2,099,913
Management service fee	5	2,015,262	-	-	2,015,262	-	2,015,262	2,165,260
<i>Investments</i>								
Investment income	6	-	-	-	-	-	-	6,930
Total		6,066,671	-	-	6,066,671	-	6,066,671	6,056,541
Expenditure on:								
<i>Charitable activities</i>								
- Membership services	8	(6,108,860)	(988,000)	(163,707)	(7,260,567)	-	(7,260,567)	(7,012,490)
<i>Other</i>								
- Net interest defined benefit scheme	11	-	(101,000)	-	(101,000)	-	(101,000)	(101,000)
Total		(6,108,860)	(1,089,000)	(163,707)	(7,361,567)	-	(7,361,567)	(7,113,490)
Net income/(expenditure)		(42,189)	(1,089,000)	(163,707)	(1,294,896)	-	(1,294,896)	(1,056,949)
Other recognised gains/(losses):								
Gains/(losses) on revaluation of fixed assets		-	-	-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes	11	-	(658,000)	-	(658,000)	-	-	940,000
Net movement in funds		(42,189)	(1,747,000)	(163,707)	(1,952,896)	-	(1,952,896)	(116,949)
Reconciliation of funds:								
Total funds brought forward		4,270,747	(3,246,000)	2,928,286	3,953,033	15,855	3,968,888	4,085,837
Fund balances carried forward		4,228,558	(4,993,000)	2,764,579	2,000,137	-	2,015,992	3,968,888

The notes on pages 22 to 36 form part of these financial statements

ENJOY EAST LoTHIAN LIMITED
Group and Charity Balance Sheet
As at 31 March 2019

	Notes	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
Fixed Assets					
Tangible fixed assets	12	6,183,131	6,470,901	6,183,131	6,470,901
Current assets					
Stock		80,909	70,822	61,749	53,329
Debtors	13	175,014	181,158	723,841	336,946
Cash at bank and in hand		1,159,351	1,204,800	622,520	1,029,427
		<u>1,415,274</u>	<u>1,456,780</u>	<u>1,408,110</u>	<u>1,419,702</u>
Creditors: Amounts falling due within one year	14	<u>(651,241)</u>	<u>(752,492)</u>	<u>(582,248)</u>	<u>(675,715)</u>
Net current assets		<u>764,033</u>	<u>704,288</u>	<u>825,862</u>	<u>743,987</u>
Total assets less current liabilities excluding retirement benefit scheme		<u>6,947,164</u>	<u>7,175,189</u>	<u>7,008,992</u>	<u>7,214,888</u>
Retirement benefit scheme (deficit)/asset	11	<u>(4,993,000)</u>	<u>(3,246,000)</u>	<u>(4,993,000)</u>	<u>(3,246,000)</u>
Net assets including retirement benefit scheme asset/(deficit)		<u>1,954,164</u>	<u>3,929,189</u>	<u>2,015,992</u>	<u>3,968,888</u>
Funds					
Unrestricted funds	17	4,166,730	4,231,048	4,228,558	4,270,747
Unrestricted- Revaluation Reserve		2,764,579	2,928,286	2,764,579	2,928,286
Unrestricted- Pension Reserve		(4,993,000)	(3,246,000)	(4,993,000)	(3,246,000)
Restricted funds		15,855	15,855	15,855	15,855
Total funds		<u>1,954,164</u>	<u>3,929,189</u>	<u>2,015,992</u>	<u>3,968,888</u>

The financial statements were authorised for issue by the Board on 25 September 2019

----- Chair
Gordon Wales

----- Secretary
Bill Axon

Registered Company number – SC356338

The notes on pages 22 to 36 form part of these financial statements

ENJOY EAST LOTHIAN LIMITED

Group Cash Flow Statement

For the year ended 31 March 2019

	Notes	Group	
		2019 £	2018 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	18	28,231	(47,445)
Net cash flows from investing activities:			
Interest received		-	6,930
Loss on sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(73,680)	(44,297)
Proceeds from sale of investments		-	-
Purchase of investments		-	-
Net cash provided by/(used in) investing activities		(73,680)	(37,367)
Change in cash and cash equivalent in the reporting period	19	(45,449)	(84,812)
Cash at the beginning of the reporting period		1,204,800	1,289,612
Cash at the end of the reporting period		1,159,351	1,204,800

The notes on pages 22 to 36 form part of these financial statements

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

1. General Information

The company is a United Kingdom company limited by shares. It is both incorporated and domiciled in Scotland.

2. Accounting Policies

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2018), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" and the Companies Act 2006. They are prepared on the historical cost basis, as modified by the revaluation of fixed assets.

The financial statements are presented in pounds sterling (GBP) as that is the currency in which the Company's transactions are denominated.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

Going concern

The trustees are of the opinion that the charity can continue to meet its obligations as they fall due for the foreseeable future. As a consequence the trustees have prepared the financial statements under the going concern basis.

The current funding agreement with East Lothian Council is in place until 31 March 2019.

Incoming resources

Membership subscriptions and income from sport & physical activity is recognised in the period in which the charitable company is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charitable company has to fulfil conditions before becoming entitled to it.

Management fees and other incoming resources, including donations with no conditions attached, are recognised in the year to which they relate.

Investment income is recognised in the year in which it is receivable.

Assets given for occupational use by the charity as gifts in kind are recognised as incoming resources and within the relevant fixed asset category of the balance sheet when receivable.

Resources expended

Resources expended are recognised when a legal or constructive obligation arises. Where possible, expenditure has been charged direct to charitable expenditure or governance costs. Where this is not possible, the expenditure has been allocated on the basis of time spent by staff on each activity;

- Charitable expenditure comprises costs incurred by the charitable company in the delivery of its activities and services.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include costs linked to the strategic management of the charitable company.

Fixed assets

Tangible fixed assets costing more than £500 are capitalised and included at cost or valuation where appropriate. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Land	N/A
Freehold buildings	30-50 years
Plant and machinery	5-7 years
Furniture and equipment (inc. sports and IT equipment)	3-4 years

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

All classes of tangible fixed assets are included at cost, except land and freehold buildings, which are included at valuation and revalued every five years, based on independent surveyor's reports.

Stock

Stocks are valued at the lower of cost and net realisable value in the ordinary course of activities.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Financial assets and financial liabilities

Financial instruments are recognised in the Statement of Financial Activities when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payment discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from assets expire, or when the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Pensions

The charitable company is an admitted body of the Lothian Pension Fund. The assets of the scheme are held in external funds managed by professional investment managers.

In accordance with 'FRS 17 – Retirement Benefits', the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Financial Activities (incorporating the Income and Expenditure account). Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The differences between the actual and expected returns on assets during the year and changes in the actuarial assumptions are also recognised in the Statement of Financial Activities.

VAT

The charitable company is partially exempt from VAT. Irrecoverable VAT is charged to the Statement of Financial Activities as an expense. The charitable company's trading subsidiary is subject to VAT in the same way as any commercial organisation.

Funds

Restricted funds are those which have been given to the Company for use in accordance with the wishes of the donors for specific projects.

Surplus revenue funds held within unrestricted funds are carried forward to meet the cost of future activities of both a capital and revenue nature. Commitments for specific activities and needs in the future are dealt with by making allocations to designated funds.

Leases

Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

Taxation

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

The company has charitable status and is therefore exempt from taxation under sections 466 to 493 Corporation Tax Act 2010. The charitable company's trading subsidiary is subject to corporation tax in the same way as any commercial organisation.

Consolidation

The financial statements consolidate the results of the charity and its wholly owned subsidiary Enjoy East Lothian Trading Limited (Company number SC441392) on a line by line basis. The charity, together with Enjoy East Lothian Trading Limited comprises the group.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

In preparing the accounts, accounting judgements or significant estimates have been made relating to the depreciation charged on fixed assets, actuarial pension valuations, accruals and provisions.

4. Voluntary income

	2019 £	2018 £
Grant income	32,309	25,053
Donations	-	-
	<u>32,309</u>	<u>25,053</u>

5. Income from sales, fees and charges

Income is attributable to sporting activity fees and other sales. In addition, a management service fee of £2,015,262 (2018: £2,224,600) was received from East Lothian Council for the year.

6. Investment income

	2019 £	2018 £
Bank interest	-	6,930

7. Investment Expenditure

	2019 £	2018 £
Net interest defined benefit pension scheme	101,000	101,000

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

8. Charitable activities – membership services

	2019	2018
	£	£
Employee related costs	3,908,538	3,901,951
Defined benefit scheme adjustments	988,000	724,000
Property costs	1,242,254	1,169,189
Supplies and services	867,965	871,415
Support services	201,496	297,435
Bank charges	34,601	32,655
Governance costs - Audit and other professional fees	13,918	11,730
Governance costs - Trustee indemnity insurance	3,795	4,115
	<hr/> 7,260,567	<hr/> 7,012,490

Support services include the cost of insurance, advertising, professional fees and the provision of IT, payroll, HR and facilities support by East Lothian Council. None of these amounts are individually material.

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

9. Staff Costs and Numbers

	2019 £	2018 £
Wages and salaries	3,565,310	3,616,776
Social security costs	215,897	219,650
Other pension costs	422,281	413,448
Defined benefit scheme adjustments	988,000	724,000
	<u>5,191,488</u>	<u>4,973,874</u>

No employees earned more than £60,000 in the year (2018: none). The senior management team comprises 5 staff members; the General Manager (also the Company secretary) and 4 senior managers with a total remuneration and benefits cost of £313,505 (2018: £274,312). During the year no Trustee received any remuneration (2018: none). No Trustee received reimbursement of expenses in the year (2018: none).

Staff Costs and Numbers- continued

The average number of employees within the group during the period was made up as follows:

	2019 Number	2018 Number
Head office	13	13
Facilities	381	303
	<u>394</u>	<u>316</u>

10. Net incoming resources

	2019 £	2018 £
The net incoming resources are stated after charging:		
Auditors' remuneration (including expenses) - for audit	11,965	11,965
- for other services	2,000	2,000
Hire of other assets – operating leases	<u>1,889</u>	<u>1,889</u>

11. Retirement benefit scheme

The pension cost charge for the year, made up of pensions contributions and defined benefit scheme adjustments amounted to £1,410,281 (2018: £1,137,448).

The charity is an admitted body of the Lothian Pension Fund. The Superannuation Fund is a defined benefit scheme into which employee' and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are fixed by statute and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31 March 2018 and following this valuation employer's contributions were set at 16.6% for the years ended 31 March 2019, 2020 and 2021 respectively. Employer's contributions for the year to 31 March 2019 amounted to £422,281 (2018: £413,448).

Under the Transfer Agreement entered into between Enjoy East Lothian Limited and East Lothian Council, the Council have undertaken to guarantee the pension scheme should the liability crystallise and insufficient funds be held by Enjoy East Lothian Limited to settle their obligation.

In accordance with Chapter 28 of FRS 102 (Employee benefits) a valuation of the fund was carried out at 31 March 2019, by Hymans Robertson, independent actuaries. Hymans Robertson calculated the pension assets and liabilities as at 31 March 2019 by rolling forward its full actuarial valuation dated 31 March 2018, allowing for the changes in financial assumptions as prescribed under FRS 102.

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

The estimated employer contributions for the year to 31 March 2020 are £444,000.

Main assumptions

	31 March 2019 % per annum	31 March 2018 % per annum
Inflation / Pension Increase Rate	2.4%	2.3%
Salary Increase Rate	4.1%	4.0%
Discount Rate	2.5%	2.7%

The return on the fund in market value terms for the period to 31 March 2019 was estimated based on actual fund returns as provided by the administering authority and index returns where necessary.

Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2016 model with an allowance for smoothing of recent mortality experience and long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.7 years	24.3 years
Future Pensioners	24.7 years	27.5 years

Major categories of plan assets as a percentage of total plan assets

The estimated split of assets as at 31 March 2018 is as shown below:

	31 March 2019 %	31 March 2018 %
Equities	74%	75%
Bonds	12%	11%
Property	7%	7%
Cash	7%	7%

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2019

	Assets £	Obligations £	Net asset / (liability) £
Opening Position as at 31 March 2018	13,245,000	(16,491,000)	(3,246,000)
Current service cost	-	(1,089,000)	(1,089,000)
Past service Cost	-	(328,000)	(328,000)
Total Service Cost	-	(1,417,000)	(1,417,000)
Interest income on plan assets	363,000	-	363,000
Interest cost on defined benefit obligation	-	(464,000)	(464,000)
Total net interest	363,000	(464,000)	(101,000)
Total defined benefit cost recognised in Profit or (Loss)	363,000	(1,881,000)	1,518,000
Cash flows			
Plan participants' contributions	173,000	(173,000)	-
Employer contributions	429,000	-	429,000
Benefit paid	(170,000)	170,000	-
Expected closing position	14,040,000	(18,375,000)	(4,335,000)
Remeasurements			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	-	(1,566,000)	(1,566,000)
Other experience	-	-	-
Return on assets excluding amounts included in net interest	908,000	-	908,000
Total remeasurements recognised in Other Comprehensive Income	908,000	(1,566,000)	(658,000)
Closing position as at 31 March 2019	14,948,000	(19,941,000)	(4,993,000)

The pension scheme was transferred to the charitable company with effect from 1 October 2009, at which date the actuarial valuation showed a liability of £220,000.

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

12. Fixed assets

Group and Charity fixed assets

	Land and buildings	Plant and machinery	Furniture and equipment	Total
Cost or valuation	£	£	£	£
At 1 April 2018	6,778,614	99,269	525,554	7,403,437
Additions	-	29,250	44,430	73,680
Revaluation	-	-	-	-
Disposals	-	(5,556)	(9,238)	(14,794)
At 31 March 2019	<u>6,778,614</u>	<u>122,963</u>	<u>560,746</u>	<u>7,462,323</u>
Depreciation				
At 1 April 2018	482,220	65,589	384,727	932,536
Charge for year	241,569	16,099	102,124	359,792
Revaluation	-	-	-	-
Disposals	-	(5,304)	(7,832)	(13,136)
At 31 March 2019	<u>723,789</u>	<u>76,384</u>	<u>479,019</u>	<u>1,279,192</u>
Net book value				
At 31 March 2019	6,054,825	46,579	81,727	6,183,131
At 31 March 2018	<u>6,296,394</u>	<u>33,680</u>	<u>140,827</u>	<u>6,470,901</u>

The charitable company's land and buildings at Dunbar were revalued at 31 March 2016 by DVS, a commercial arm of the Valuation Office Agency (VOA), on the depreciated replacement cost basis. The Trustees are not aware of any material changes since this valuation.

If the property had not been revalued, it would be included on the historical cost basis at the following amounts:

	2019	2018
	£	£
Cost	4,373,054	4,373,054
Depreciation	568,983	423,215

13. Debtors

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	131,460	86,155	130,141	86,155
Other debtors and prepayments	43,554	95,003	42,139	95,003
Balance due from trading subsidiary	-	-	551,561	155,788
	<u>175,014</u>	<u>181,158</u>	<u>723,841</u>	<u>336,946</u>

ENJOY EAST LoTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

14. Creditors

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	45,945	172,866	19,508	143,547
Balance due to East Lothian Council	40,608	59,783	40,608	59,783
Other taxes and social security	48,717	51,186	48,717	51,186
Accruals and deferred income	226,317	223,752	207,446	212,779
Other creditors	160,932	186,155	160,932	186,155
VAT	128,722	58,750	105,037	22,265
	651,241	752,492	582,248	675,715

15. Financial assets and liabilities

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Financial assets measured at amortised cost	1,292,447	1,465,763	1,305,857	1,290,390
Financial liabilities measured at amortised cost	(440,637)	(622,282)	(395,330)	(581,990)
	851,810	843,481	910,527	708,400

Group financial assets comprise of trade debtors, accrued income, other debtors, all due within one year and cash and bank balances. Company financial assets also include an intercompany balances due from the wholly owned subsidiary.

Financial liabilities comprise of trade creditors and other creditors and accruals excluding those relating to taxation.

16. Share Capital

The charitable company is limited by guarantees of £1 per Director and has no share capital. At 31 March 2019 there were ten Directors (2018: ten).

ENJOY EAST LoTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

Reserves

Group Reserves	Balance at 31 Mar 2018	Incoming Resources	Resources Expended	Actuarial Gain/ Loss	Balance at 31 Mar 2019
Funds	£	£	£	£	£
Unrestricted					
Non designated	4,231,048	6,705,810	(6,770,128)	-	4,166,730
Revaluation reserve	2,928,286	-	(163,707)	-	2,764,579
Pension reserve	(3,246,000)	363,000	(1,452,000)	(658,000)	(4,993,000)
Total unrestricted	3,913,334	7,068,810	(8,385,835)	(658,000)	1,938,309
Restricted					
CPD for Special needs swimming	2,500	-	-	-	2,500
East Lothian Inclusion project	5,555	-	-	-	5,555
Old Course Putting Green Installation	7,800	-	-	-	7,800
	15,855	-	-	-	15,855
Total funds	3,929,189	7,068,810	(8,385,835)	(658,000)	1,954,164

Group Reserves	Balance at 31 Mar 2017	Incoming Resources	Resources Expended	Actuarial Gain/ Loss	Balance at 31 Mar 2018
Funds	£	£	£	£	£
Unrestricted					
Non designated	4,352,894	6,716,123	(6,837,969)	-	4,231,048
Revaluation reserve	3,078,089	-	(149,803)	-	2,928,286
Pension reserve	(3,361,000)	-	(825,000)	940,000	(3,246,000)
Total unrestricted	4,069,983	6,716,123	(7,812,772)	940,000	3,913,334
Restricted					
CPD for Special needs swimming	2,500	-	-	-	2,500
East Lothian Inclusion project	5,555	-	-	-	5,555
Old Course Putting Green Installation	7,800	-	-	-	7,800
	15,855	-	-	-	15,855
Total funds	4,085,838	6,716,123	(7,812,772)	940,000	3,929,189

ENJOY EAST LoTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

Charity reserves	Balance at 31 Mar 2018	Incoming Resources	Resources Expended	Actuarial Gain/ Loss	Balance at 31 Mar 2019
Funds	£	£	£	£	£
Unrestricted					
Non designated	4,270,747	6,066,671	(6,108,860)	-	4,228,558
Revaluation reserve	2,928,286	-	(163,707)	-	2,764,579
Pension reserve	(3,246,000)	363,000	(1,425,000)	(658,000)	(4,993,000)
Total unrestricted	3,953,033	6,429,671	(7,724,567)	(658,000)	2,000,137
Restricted					
CPD for Special needs swimming	2,500	-	-	-	2,500
East Lothian Inclusion project	5,555	-	-	-	5,555
Old Course Putting Green Installation	7,800	-	-	-	7,800
	15,855	-	-	-	15,855
Total funds	3,968,888	6,429,671	(7,724,567)	(658,000)	2,015,992

Charity reserves	Balance at 31 Mar 2017	Incoming Resources	Resources Expended	Actuarial Gain/ Loss	Balance at 31 Mar 2018
Funds	£	£	£	£	£
Unrestricted					
Non designated	4,352,893	6,056,541	(6,138,687)	-	4,270,747
Revaluation reserve	3,078,089	-	(149,803)	-	2,928,286
Pension reserve	(3,361,000)	-	(825,000)	940,000	(3,246,000)
Total unrestricted	4,069,982	6,056,541	(7,113,490)	940,000	3,953,033
Restricted					
CPD for Special needs swimming	2,500	-	-	-	2,500
East Lothian Inclusion project	5,555	-	-	-	5,555
Old Course Putting Green Installation	7,800	-	-	-	7,800
	15,855	-	-	-	15,855
Total funds	4,085,837	6,056,541	(7,113,490)	940,000	3,968,888

CPD for Special needs swimming: These funds were made available from East Lothian Council (ELC) to advance staff training for people with special needs.

East Lothian Inclusion project: These monies were made available to investigate potential access improvement projects.

Old Course Putting Green Installation: These funds were made available from ELC to create a putting green at the Musselburgh Old Golf Course, managed by Enjoy.

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

17. Analysis of net assets between funds

Group funds	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Fixed assets	3,418,552	2,764,579	-	6,183,131
Net current assets	748,178	-	15,855	764,033
Retirement benefit scheme deficit	-	(4,993,000)	-	(4,993,000)
	<u>4,116,730</u>	<u>(2,228,421)</u>	<u>15,855</u>	<u>1,954,164</u>

Charity funds	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Fixed assets	3,418,552	2,764,579	-	6,183,131
Net current assets	810,006	-	15,855	825,861
Retirement benefit scheme deficit	-	(4,993,000)	-	(4,993,000)
	<u>4,228,558</u>	<u>(2,228,421)</u>	<u>15,855</u>	<u>2,015,992</u>

Group funds	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Fixed assets	3,542,615	2,928,286	-	6,470,901
Net current assets	688,433	-	15,855	704,288
Retirement benefit scheme deficit	-	(3,246,000)	-	(3,246,000)
	<u>4,231,048</u>	<u>(317,714)</u>	<u>15,855</u>	<u>3,929,189</u>

Charity funds	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Fixed assets	3,542,615	2,928,286	-	6,470,901
Net current assets	728,132	-	15,855	743,987
Retirement benefit scheme deficit	-	(3,246,000)	-	(3,246,000)
	<u>4,310,448</u>	<u>(317,714)</u>	<u>15,855</u>	<u>3,968,888</u>

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

18. Reconciliation of net incoming resources to net cash inflow from operating activities

	2019	2018
	£	£
Net (outgoing)/incoming resources	(1,317,024)	(156,649)
Depreciation on tangible fixed assets	359,793	357,561
Loss on disposal of fixed assets	1,656	-
Less: interest on deposits	-	(6,930)
Decrease/(increase) in stocks	(10,087)	(19,266)
Decrease/(increase) in debtors	6,144	19,666
Increase/(decrease) on creditors	(101,251)	(126,827)
Defined benefit pension scheme realised movement	1,089,000	(115,000)
Net cash inflow/(outflow) from operating activities	28,231	(47,445)

ENJOY EAST LOTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

19. Analysis of changes in net debt

Group	At 1 April 2018 £	Cash Flows £	At 31 March 2019 £
Cash at bank and in hand	1,204,800	(45,449)	1,159,351
Short term deposits and investments	-	-	-
Total Funds	1,204,800	(45,449)	(1,159,351)

Charity	At 1 April 2018 £	Cash Flows £	At 31 March 2019 £
Cash at bank and in hand	1,029,427	(406,907)	622,520
Short term deposits and investments	-	-	-
Total Funds	1,029,427	(406,907)	622,520

20. Operating lease commitments

The annual commitments under operating leases and fixed term rentals are analysed according to the year in which the lease expires as follows:

	2019 Other £	2018 Other £
Operating lease – within one year	1,889	1,889
Operating lease – between two and five years	-	1,889
	1,889	3,778

21. Subsidiary undertakings and basis of consolidation

The group accounts include the accounts of Enjoy East Lothian Limited and its wholly owned subsidiary Enjoy East Lothian Trading Limited ('the subsidiary'). The principal activity the subsidiary is the operation of cafes. The subsidiary is a private company limited by shares and has called up share capital of £1. The subsidiary has a 31 March year end and is registered in Scotland.

During the year, the subsidiary did not make a Gift Aid payment to the Company(2018: £nil). Its overall result for the year after taxation was a loss of £22,128 (2018: £39,700).

Exemption has been taken under FRS 102 section 33: 'Related Party Disclosures paragraph 33.1A from disclosing group related transactions as the entire share capital and voting rights of all subsidiaries are held within the group.

ENJOY EAST LoTHIAN LIMITED

Notes to the financial statements

For the year ended 31 March 2019

22. Income from subsidiary trading activities

The subsidiary's trading results for the year, as extracted from the financial statements, are summarised below. Full audited accounts are filed with Companies House.

	2019 £	2018 £
Turnover	639,139	659,582
Cost of sales	(246,778)	(268,652)
Gross profit	<u>392,361</u>	<u>390,930</u>
Administrative expenses	(414,489)	(430,630)
Operating profit/ (loss)	(22,128)	(39,700)
Taxation on profit on ordinary activities	-	-
Profit/ (loss) for the financial year	<u>(22,128)</u>	<u>(39,700)</u>

23. Members Interests

Due to the nature of the charitable company's operations and composition of its Board, being comprised of individuals, and representatives from the public sector, community and commercial organisations, it is inevitable that transactions will take place with companies and organisations in which a member of Enjoy East Lothian Limited has an interest.

The charitable company works in partnership with East Lothian Council with which transactions have been undertaken during the year. The following is a list of members of the Board (Committee of Management) who held potentially connected positions during the year.

Table showing potential for Trustee's Connected Interests:

Enjoy Trustee	Company	Occupation	Date Joined	Date Resigned
James Goodfellow	East Lothian Council	Councillor	15 May 2012	
John McMillan	East Lothian Council	Councillor	15 May 2012	
Colin McGinn	East Lothian Council	Councillor	4 May 2018	
Gordon Mackett	East Lothian Council	Councillor	4 May 2018	

24. Post balance sheet events

There were no post balance sheet events for the year ended 31 March 2019.

25. Non audit services

In common with many other businesses of our size and nature we used our auditors to assist with the preparation of the financial statements.