

Company number: 05386540

Charity Number: 1112020

# Adur Community Leisure Limited

Report and financial statements

For the year ended 31 March 2016



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# Adur Community Leisure Limited

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For the year ended 31 March 2016

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## Adur Community Leisure Limited

### Reference and administrative details

For the year ended 31 March 2016

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Legal status	Company limited by guarantee (no. 05386540) and registered charity (no. 1112020). Incorporated on 9 March 2005.		
Company number	05386540		
Charity number	1112020		
Registered office and operational address	Blackshots Leisure Centre Blackshots Lane, GRAYS, Essex RM16 2JU		
Operational addresses	Southwick Leisure Centre Old Barn Way, SOUTHWICK West Sussex, BN42 4NT	Lancing Manor Leisure Centre Manor Road, LANCING West Sussex, BN15 0PH	
	Chanctonbury Leisure Centre Spierbridge Road, STORRINGTON West Sussex, BN43 6TE	Wadurs Community Pool Kingston Broadway, SHOREHAM BY SEA West Sussex, RH20 4PG	
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:		
	Mr D Vandyke Dr P Wilson Ms M Woolacott Mr S Kibblewhite Mr R Brattle Cllr F Lewis Mr A Ryall Mr L Saunders	Ms J Roberts Mr J Trotman Mr C Albury Mr J Seymour Mr P Pickard Ms J Lester Ms B Gale Mr M Roberts	Resigned 6 July 2015
Bankers	National Westminster Bank Plc 17 High Street, GRAYS Essex, RM17 6NP		
Solicitors	Winckworth Sherwood Minerva House, 5 Montague Close LONDON, SE1 9BB		
Auditors	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House, 108-114 Golden Lane LONDON, EC1Y 0TL		

# **Adur Community Leisure Limited**

## **Report of the trustees**

**For the year ended 31 March 2016**

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The trustees present their report and the audited financial statements for the year ended 31st March 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## **Objectives and activities**

### **Purposes and aims**

The objectives of Adur Community Leisure (ACL) as set out in its memorandum of association, are to run the facilities primarily for the benefit of the communities of, but not limited to, Adur district and its neighbourhood, the parishes of Amberley, Ashington, Cold Waltham, Parham, Pulborough, Storrington, Sullington, Thakeham, Washington, West Chiltingham and Wiston and their neighbouring parishes. ACL operates in a manner that does not discriminate against any person by virtue of their age, infirmity, disability, poverty or socio-economic status.

ACL aligns its strategy with that of the Group and in pursuit of its mission. The mission is 'Creating active and healthy communities'.

ACL's priorities include:

- Instilling pride in communities through training, education, improving the quality of life, youth engagement and increasing opportunities
- Contributing towards achieving safer communities
- Developing prosperous communities through the attraction of inward investment
- Promoting inclusive and diverse communities
- Promoting community regeneration through environmental and cultural improvements
- Delivering healthier, more active communities.

A full review of the activities of ACL throughout 2015/2016 is published in the 2015/2016 Annual Report.

In order to fulfil its objects ACL manages four leisure centres, namely Lancing Manor, Southwick Wadurs and Chanctonbury. ACL trade as Impulse Leisure. The main source of income is from the sale of health and fitness (gym and exercise classes) membership, swimming and swimming lessons, along with a varied programme of sporting activities and coaching.

The centres are managed to maximise financial efficiency and generate surplus wherever possible. When surpluses are generated they are used to maintain and improve the facilities and services provided for the benefit of the local community. Largely these improvements are used to generate improved efficiency and or increase income.

In shaping objectives for the year and planning activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. ACL relies on grants and the income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the trustees give careful consideration to the accessibility of the centres for those on low incomes and those from other disadvantaged groups.

Special programmes and sessions are planned and delivered to help disadvantaged members of the community improve their health and wellbeing, through participating in the relevant activities. Specific examples of work undertaken to target public benefit, sometimes at the expense of financial efficiency include – employment of apprentices, work in schools, provision of special disability activity sessions, delivery of numerous health improvement programmes (often in partnership with others), attending community events and provision of memberships to community groups working with disadvantaged groups.

## **Strategic report**

### **Achievements and performance**

Following significant work during 2014/15, Board and Member agreement, ACL merged with another Group subsidiary, West Chanctonbury Recreation Association (Chanctonbury Leisure Centre) with effect from 1 April 2015. As such, ACL's plans and budget for 2015/16 included Chanctonbury Leisure Centre and during the year the systems and finances of both organisations were merged and operated as one. WCRA's bank accounts were closed and WCRA was 'struck off' at Companies House on 17 May 2016.

Throughout the year there were good increases in membership numbers at Chanctonbury although this increase did not meet targeted increases. Membership numbers at other sites were only maintained, largely as a result of increasing local competition. Swimming lesson income remained strong.

Lancing, Southwick and Wadurs all retained their QUEST (the leisure industry quality standard) registration and the scores allocated by our customers in the areas of cleanliness, staffing and health and safety showed improvement during the year, with 96% indicating that they would recommend our services to a friend. Chanctonbury continued to work towards its first QUEST assessment and registration.

ACL continued to improve and extend the services provided. In addition to normal planned and preventative maintenance there has been a number of refurbishment and upgrade projects and general improvement most notably:

#### **Lancing Manor**

- The new bar, catering and function rooms were operated on budget
- The sports hall heating was replaced leading to increased usage by target groups
- LED lighting was installed on the Multi Use Games Area (MUGA)

## **Adur Community Leisure Limited**

### **Report of the trustees**

**For the year ended 31 March 2016**

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- A new 3G (artificial grass) surface was installed on the MUGA (with a loan from Thurrock Community Leisure (TCL))
- Solar panels were installed on the roof
- A virtual exercise to music system was installed in the studio to expand our class programme for existing users

#### **Southwick**

- Solar panels were installed on the roof

#### **Wadurs**

- The new pool cover and UV Light disinfection systems provided operational savings

#### **Generally**

- The Group (including ACL) maintained its ISO14001 accreditation
- A significant amount of ICT hardware was replaced, systems updated and work to implement new software to improve customer service, including a new website is underway
- Sickness absence rates were maintained at low levels
- Continuous procedural improvements, mainly attempting to improve service delivery were implemented
- An increased number of programmes were provided to disadvantaged groups and within the community, promoting health improvement
- Continued partnership working with a number of organisations including ADC Sports Development, Schools, Local Clubs, Sports Governing Bodies, County Sports Development, Brighton and Hove Albion Football Club. An additional member of staff has been recruited specifically to coordinate our approach to all of these community wellbeing activities.

The above improvements demonstrate our commitment to continuous improvement, make our facilities more attractive to new customers and obviously increase the value for money our existing customers receive. Increasing value for money and more attractive facilities improve the likelihood that more of the community will seek to improve their health and wellbeing by using the services.

The environmental efficiencies made to the facilities over the past 18 months have contributed to a year on year Carbon saving of 12% (77 tonnes).

The successes during the year were achieved despite dealing with a very high staff turnover and measures are being taken to try to address this for the future. Staff received both PRP and a 2% pay increase during the year, although it should be noted that pay in the leisure industry remains low.

ACL have operated successfully on a continually reducing grant funding (£10,000 reduction per annum) from Adur District Council (ADC). At the same time ACL carried out a significant investment (see above) into the facilities.

## **Adur Community Leisure Limited**

### **Report of the trustees**

**For the year ended 31 March 2016**

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Negotiations surrounding ADC's obligations under the lease to maintain facilities and or invest in them have been ongoing, but as a result for the first time since 2005, ADC have agreed to invest in some future improvements to the facilities namely Wadurs changing rooms and Lancing car park. Unfortunately the main officer and member contacts within the Council are changing in the near future.

Expert advice has been sought with a view to resolving the current position with ACL's admission into the West Sussex County Council (WSCC) Local Government Pension Scheme (LGPS). Negotiations have continued over amendments to the admission agreement. Once these amendments are agreed we intend to take further action with a view to reduce ACL's future liabilities within the scheme.

### **Financial review**

Income for the year includes a donation of £643,874 which represents the assets acquired from WCRA on 1 April 2015. Excluding this income, ACL made an operational loss in the year of approximately £20,000 which was worse than budgeted by approximately £70,000. The loss was largely as a result of not achieving income growth or targets whilst costs increased.

Fixed assets have increased during the year due to the investments listed above, but these investments and loan repayments have contributed to reductions in cash at bank (reserves) during the year.

Income did grow during the year at ACL comparing like for like leisure centres (excluding Chanctonbury) by approximately £10,000 due to good swimming and bar and catering income. Including Chanctonbury income grew by £109,000 compared to prior year. This income growth however did not meet target, nor did it match increases in costs. Increased competition and inconsistencies in the availability of sales staff were the main reasons for the underperformance of income.

Costs increased due to increased staffing and pay increases plus increased facility maintenance and servicing schedules, implemented with a view to maintaining service quality.

### **Principal risks and uncertainties**

The trustees and senior management undertake an annual risk assessment process and report on this to the full board.

The main risks identified include building failures, planned expansion failing to provide expected returns, health and safety, staff shortages and increasing staff costs, erratic economy denting consumer confidence, and increasing competition. Ongoing negotiations with ADC and our own improved maintenance and servicing contracts are used to ensure that buildings and or plant are less likely to fail in such a way as to cause service disruption. The potential for major health and safety issues to arise is taken seriously and as such ACL have a comprehensive policy and manual covering health and safety, monitored at the highest level with trustee involvement during bi

**Report of the trustees**

**For the year ended 31 March 2016**

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monthly bespoke meetings and again at Board meetings. Staff are also involved in the risk assessment process and everyone in the organisation is aware of the health and safety mission of 'everyone safe every day'. Constant improvements to service and increasing value for money is the main strategy in use for dealing with competition. Where expansion plans are progressed, this follows the production and agreement of robust financial models backed by industry recognised market analysis and as such the risk of failure is reduced as far as is reasonably practicable.

The trustees are satisfied that adequate processes are in place to mitigate the key risks faced by the charity.

**Reserves policy and going concern**

The Reserves policy for ACL is formulated to ensure the continuation and improvement of its services, for the benefit of the community and as a safety net in the event of short term income shortfall. The services are run from various centres, which need to be regularly maintained and updated to continue to provide excellent standards of service.

Therefore, reserves required are allocated into two types:

**Operational Reserves**

- To be held to ensure ACL can meet expenditure commitments for at least half a year whilst actions are put into place to overcome any income shortfall.
- ACL have management risk strategies, insurance and contingency plans in place to mitigate risks, and as centres are all in different locations, it is unlikely that problems in one centre will have a direct impact on the remaining centres. The centre with the largest income and expenditure (Lancing) is used to calculate the reserves required to meet commitments for half a year. This amounts to £365,000.

**Facility improvement and unexpected opportunity Reserve**

- The day to day operational budget does not set aside any reserve for improvement, or major capital commitment. As such reserves are required to ensure funding is available to continually improve the service (property, equipment and technology) in this very competitive industry, to enable compliance with ever-changing legislation and to take advantage of other unexpected opportunities that may arise during a year. New sports hall heating and solar panels are examples of using these reserves to update and improve efficiency this year.
- To expand the services we can offer to more beneficiaries, ACL may wish to acquire new business either through tender, acquisition or development of new premises. This is made possible when reserves are in place to support the exploitation of such opportunities as they arise.

As at March 2016, we were holding cash reserves of £150,000. ACL aim to increase liquid reserves to the operational reserve level asap and beyond this level to have an opportunity reserve in future.



**Report of the trustees**

**For the year ended 31 March 2016**

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To build reserves ACL continue work to increase income by continuous monitoring and strengthening the customer base and customer journey. ACL actively seek new opportunities, funding and income streams to help diversify income in order to facilitate improvements and take up opportunities to further the objects. Once the operational reserve has been achieved ACL will work towards a further reserve for facility improvement.

Considering, the current reserves position, together with the existing financial performance, forecasts for the future, cash flow forecasts and the main risks facing the organisation, the Trustees are confident that ACL will remain as a going concern.

**Plans for the future**

ACL has produced a new Corporate Plan 2016/2021 within which is a financial plan covering the period. This shows improved surpluses which will help to build reserves over the coming years. An Annual Plan 2016/2017 maps out the actions required to make the financial improvements in 2016/2017 to ensure ACL returns an operational surplus and is in position to meet the longer term financial plan.

In the next two years and beyond ACL plan to build on the financial reserves of the organisation through concentrating efforts into making a success of the existing facilities and by investing into Lancing Manor Leisure Centre gym following ADC's completion of a car park extension at the same site. Investment in a potential expansion (opening a new facility in West Sussex) is also a possibility. Both of these schemes will contribute to increasing operating surpluses and will be financed using commercial loans from another Group member (TCL).

Financial improvements will also contribute towards mitigating the inevitable increases in staff costs that will be experienced due to the National Living Wage, general pay increases and attempts to improve low pay in line with The Living Wage Foundation. There is a 1% pay increase built into the 2016/2017 budget, although some staff have received more due to the removal of some of the lowest pay bands.

How we recruit staff along with the increases in pay outlined above, along with aligning ourselves with the Chartered Institute for the Management of Sport and Physical Activity's (CIMSPA, the Leisure Industry professional body) career development pathway are some of the main actions we are taking to address high staff turnover over the medium term.

ACL will continue to work with ADC to ensure sufficient maintenance is carried out in line with their landlord related property maintenance obligations as outlined in building condition surveys.

ACL will be making considerable improvement to customer service through the introduction of new ICT, particularly in management of swimming lessons, mobile (App) communications and a new website.

QUEST will be maintained at all sites and achieved at Chanctonbury for the first time.

## Adur Community Leisure Limited

### Report of the trustees

For the year ended 31 March 2016

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ACL will continue to improve its existing services and seek to provide new services either from existing facilities, new facilities or out in the community. ACL will continue to seek to work with other local authorities, although this has continued to prove difficult. Further expansion, or joint work with other like-minded organisations/trusts in future, including schools and the new 'health organisations', acquisitions or new facilities will enable ACL to become more efficient and provide best value to the local area, as well as the new areas in which it may work.

ACL will seek to continue expansion, through the use of Impulse Leisure and as part of the group.

Other medium-term facility improvements include:

- Lancing Manor car park extension through ADC funding
- Wadurs' changing rooms extension and improvement through ADC funding
- Seeking external funding for the refurbishment of the Southwick outdoor courts, and or an alternative use for the same
- Improvements to reception at Lancing Manor
- Installing access control at all sites (Chanctonbury priority)
- Continuous redecoration and facility improvement
- Disabled access improvements during all refurbishment work
- Environmental conservation measures including:
  - Further energy management and energy usage reduction opportunities
- Seeking external funds for applicable investments or services
- Further security improvements.

## Structure, governance and management

Adur Community Leisure is a community organisation working with ADC and other organisations, to provide leisure and cultural opportunities within the West Sussex area. ACL came into existence when ADC transferred leisure and cultural facilities to ACL on 1 July 2006. A former Group subsidiary, West Chanctonbury Recreation Association (Chanctonbury Leisure Centre), merged with ACL on 1 April 2015.

ACL is a registered charity and company limited by guarantee.

ACL is normally governed by a board of 11 trustees (ideal number) although there are 15 trustees at present. Each trustee guarantees to contribute an amount not exceeding £1 to the assets of ACL in the event of winding up. The total number of such guarantees at 31 March 2016 was 15 (2015 – 11).

The trustees have no beneficial interest in the Group or ACL.

As a charity, ACL is a non-profit distributing organisation. Therefore, members or trustees do not receive any dividend as all surpluses must be invested to pursue the charitable objectives of the company.

**Report of the trustees**

**For the year ended 31 March 2016**

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The trustees have overall responsibility for the organisation and its efficient operation. However, as volunteers the trustees appoint a Chief Executive (CEO, Mike Baden), to whom they delegate responsibility for undertaking the work that is required to ensure that organisation is operated efficiently, and in accordance with its objects. The trustees have agreed a delegated authority framework, which sets out the responsibilities of the trustees and management. In addition the trustees are aware that they have expert advice available to them from their auditors, legal advisors, bank and health and safety advisors. The trustees use the 'Code of Good Governance' as a framework to govern ACL in line with best practice principles.

**Appointment of trustees**

The board of trustees (volunteers) are drawn from all sections of the local community. Two elected councillors of ADC are included on the board. Once appointed, trustees act in their personal capacity in the best interests of ACL and do not act as representatives of the body that nominated them.

The board is made up of the following categories of trustees, which are fixed in the articles:

- Independent trustees x 8 (ideally, although there are more at present)
- Local Authority elected trustees x 2
- Employee elected trustees x 1

ADC elects two representatives to the board annually, although for continuity ADC has in the past proposed that the same councillors continue to be trustees of ACL whenever possible.

Should there be a need to attract new trustees to the board, then the membership of ACL can be consulted to put prospective trustees forward, in addition adverts are placed at the sites and in appropriate media including various websites.

The trustees appoint new members and trustees at board meetings and may appoint any person willing to be a trustee in seeking to provide a broad range of skills on the board. No decision on such appointments shall be taken unless ADC appointed trustees have first been consulted, or reasonable steps have been taken to allow such consultation.

All trustees will hold office for a maximum of three years before retiring. Upon retirement, the other trustees may re-appoint him/her or another person. At each Annual General Meeting (AGM), the greater of three and 33% of the longest serving trustees shall retire but may be re-appointed unless the vacancy is filled.

At present it is agreed that the existing inflated number of trustees will only reduce by natural wastage (voluntary resignation). Trustee retiring at an AGM will be allowed to be reappointed even though the numbers of trustees will remain above 11.

## **Trustee induction and training**

The trustees have agreed a Governance Manual, which provides information about ACL, including its history, structure, governance, legal standing, agreements with related parties, procedures at meetings, shared contact information, information about being a trustee (Charity Commission) and other sources of information.

Once appointed new trustees are inducted by the CEO and Company Secretary using the governance manual as a guide.

Occasionally training is provided to the trustees as a group, in the past this has included governance, risk analysis and financial responsibility training. In addition, individual trustees are encouraged to attend training provided by auditors and legal advisors on a range of subjects.

## **Related parties and relationships with other organisations**

ACL is a subsidiary of the Group Parent Impulse Leisure (IL); IL being a non-profit-distributing-organisation. ACL buys its senior management, administration, finance, human resources, support and development function from IL and an Intra-group Agreement governs this arrangement. Two ACL trustees are trustees of IL. Trustees of IL have no beneficial interest in the Group or ACL.

Another charitable subsidiary, Thurrock Community Leisure is also part of the IL Group.

## **Remuneration policy for key management personnel**

ACL have a Remuneration Policy which is a Group policy. This policy will also be posted on the IL's website no more than two clicks away from the home page.

All of the senior management that support the activities of ACL and the Board are employed by the holding company Impulse Leisure. As these senior managers work indirectly for ACL they are not included in this report because ACL purchase their services as part of a charge made for the whole service IL provide to ACL.

Impulse Leisure (IL) is committed to ensuring a proper balance between paying staff and others who work for IL fairly, so that only the best people are recruited and retained and careful management of charity funds.

Whilst IL remuneration is generally competitive within the leisure industry it does not compete on pay with other industries. Leisure remains a low pay industry.

When determining the salary for a post, IL will collect information about comparable roles where possible, preferably within the Leisure sector. This information will be used to benchmark IL salaries, normally aiming to set them at a level that appears to represent the market / local area. IL will also seek advice from peers within other organisations where they employ people in similar roles. To this end IL benchmark with other south east leisure centre operators (SELCO) and the

Sport and Recreation Trust Association (SPORTA). SPORTA represent charitable organisations who provide leisure and cultural services.

All posts meet the minimum requirements in respect of the National Minimum Wage, which is reviewed and amended where required in October each year. All employees aged 25+ will be paid at least the National Living Wage with effect from 1st April 2016 (£7.20 per hour).

Salaries for the majority of posts will comprise a band made up of a series of salary points. Other posts have a flat rate salary. All salaries are openly stated in job adverts.

Post-holders will progress up to the next salary point within their band at the beginning of each new financial year, subject to having received a satisfactory annual appraisal (Development and Review Time (DART)) and having achieved their key performance indicators for the year. Following the annual appraisal (DART), an employee's manager will make a recommendation to the Chief Executive as to whether a progression up to the next band has been merited.

'Annual' Pay Award and Adjustments – During the budget setting process (in around November/December) each year – for implementation in the following new financial year (April), the IL management team will consider whether the salary points for all staff should be adjusted for the forthcoming financial year beginning 1st April, to reflect changes in cost of living.

The considerations will begin with an assumption that salaries should be adjusted to match inflation (specifically the Consumer Price Index) over the preceding 12-months. Further consideration will then determine whether this is appropriate in the context of:

- 1 The charity's financial situation – can it afford the CPI linked increase and is it sustainable?
- 2 The charity's performance – have KPIs been met?
- 3 Previous pay awards made in recent years
- 4 Pay reviews elsewhere – how might a failure to follow wider trends be perceived amongst staff, within peer organisations
- 5 Overall affordability and sustainability – can the charity realistically afford it now and can it sustain it moving forwards?

Based on the above, the management team will make a recommendation to the Trustees, to approve any annual pay award. If approved, annual pay awards will be applied equally to all staff including senior managers.

In order to close (and or maintain the gap) to the Living Wage some lower paid posts may receive a larger pay increase, where affordable and sustainable, whilst having regard to maintain a level of positive pay differential for those in more senior positions.

The Chief Executive has the responsibility to make any adhoc decisions regarding salary changes for any position/post holder. Any decision/s regarding the salary of the Chief Executive and senior managers is made by the Impulse Leisure Trustees.

## **Adur Community Leisure Limited**

### **Report of the trustees**

**For the year ended 31 March 2016**

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The Senior Management Team does not have full delegated authority in matters relating to their own remuneration, and any recommendations or decisions must be ratified by the Trustees prior to implementation.

By nature of previous arrangements (TUPE transfers), some staff have previously opted to join the Local Government Pension Scheme (LGPS) in accordance with the respective Admission Agreements with West Sussex/Essex Pension Funds.

For those staff who are not members of the LGPS, IL complies with its statutory auto-enrolment duties in accordance with Part 1 of the Pensions Act 2008, where employees' will be automatically enrolled into a defined contribution pension scheme from the date required by the Pensions Act 2008. Details are notified to each individual separately, including what he/she would need to do should they wish to opt out of membership. In this regard, IL uses NEST to fulfil auto-enrolment obligations.

All staff, regardless of whether entitled/not entitled/eligible have the opportunity to join NEST on request. Furthermore, Impulse Leisure (and the employee) pay contributions on total earnings, irrespective of age or earnings level. Employees can only be a member of one pension scheme.

#### **Private Health Care**

Historically some of the senior management team have private health care arrangements, to ensure that any ill-health is treated promptly, so the individual can continue/return to work with minimum absence. All private health care is declared on P11D and subject to tax in accordance in HMRC guidelines.

#### **Use of Facilities by Employees**

In order to promote health, fitness and wellbeing, employees may use the facilities free of charge, provided a paying member of the public is not prohibited from use as a result of an employee taking up space.

Neither ACL or Impulse Leisure Trustees are paid for their work as a Trustee.

Trustees can be reimbursed for reasonable out of pocket expenses. They may also be paid for undertaking special work for the charity, provided that this meets with the Charity Commission guidance 'Payments to Charity Trustees – What the Rules Are'. However, Impulse Leisure will generally avoid engaging its Trustees for work and will only do so where there is no suitable alternative supplier of that work.

## Policy for employment of disabled persons

ACL wholeheartedly supports the principle of equal opportunities and diversity in employment and opposes all forms of unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic or national origin, religion/belief, unrelated criminal convictions, gender, gender re-assignment, sexual orientation, marital status / civil partnership, age or disability.

It is in ACL's best interests, and those of all who work in it, to ensure the human resources, talents and skills available throughout the organisation and community are considered when employment and or training opportunities arise.

ACL is 'positive about disability', and operates a Guaranteed Interview Scheme (GIS).

Statistical reports are compiled once the whole recruitment and selection process is complete, showing the ethnic/national background, gender, age, religion/religious belief and disability (if any) of all applications; those short-listed, and those offered employment.

ACL recognises that during employment a persons' capability to carry out their duties may deteriorate. This can be for a number of reasons, the most common ones being that either the job changes over a period of time, or because of health reasons (including disability). Should this be the case, ACL will make every effort to ensure staff receive adequate training and supervision to reduce any impact. Informal meetings are used in the first instance with a view to resolving any issues. ACL will also consider the possibility of a transfer to more suitable work, if this is possible. If issues persist ACL will normally seek a medical diagnosis and prognosis and with the benefit of this professional medical advice, consult with the employee to enable a decision to be made about the future, either in the current role or, where circumstances permit, in a more suitable role.

Where concerns about work arise due to the nature of a disability as defined under the Act, ACL will endeavour to make reasonable adjustments to work and/or working pattern wherever possible.

## Employee information

Employees are provided with information in a number of ways including general electronic communication to personal email addresses, staff notice boards, staff newsletters (3 times per annum), staff forums (2 times per annum per site), team briefings, staff satisfaction survey (once per annum) and one to one meetings where appropriate. These communications are used to provide employees with relevant information on matters of concern to them, common awareness of the financial and economic factors affecting ACL's performance and seek the employees' views about the business and how it might be improved. In 2015 staff were paid Performance Related Pay (PRP) for the outcomes of the 2014/2015 financial year and are aware that PRP may be applicable to future years should the financial performance of ACL be sufficient.

ACL recognise the trade union Unison and staff can seek their advice and support where applicable. ACL consult with Unison in line with the recognition agreement in place.

## Statement of trustees' responsibilities

The trustees (who are also directors of Thurrock Community Leisure Limited for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company/group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

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




**Adur Community Leisure Limited**

**Report of the trustees**

**For the year ended 31 March 2016**

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Approved by the trustees on 3 October 2016 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Peter Wilson', written in a cursive style.

Peter Wilson  
Chair

## **Independent auditors report**

**To the members of**

**Adur Community Leisure Limited**

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We have audited the financial statements of Adur Community Leisure Limited for the year ended 31 March 2016 which comprise the statement of financial activities, balance sheet and the related notes. 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the statement of the responsibilities of the trustees set out in the report of the trustees, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent auditors report**

**To the members of**

**Adur Community Leisure Limited**

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### **Opinion on financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or

Joanna Pittman (Senior statutory auditor)

24 November 2016

for and on behalf of Sayer Vincent LLP, Statutory Auditors

Invicta House, 108-114 Golden Lane, LONDON EC1Y 0TL

**Adur Community Leisure Limited**

**Statement of financial activities (incorporating an income and expenditure account)**

**For the year ended 31 March 2016**

	Note	Unrestricted £	Restricted £	2016 Total £	Unrestricted £	Restricted £	2015 Total £
<b>Income from:</b>							
Donations	2	643,874	-	643,874	-	-	-
Charitable activities							
Leisure Centres	3	2,779,406	54,495	2,833,901	2,302,711	50,470	2,353,181
Catering	3	171,121	-	171,121	127,941	-	127,941
Office rent	3	5,000	-	5,000	5,000	-	5,000
Investments	4	501	-	501	799	-	799
<b>Total income</b>		<b>3,599,903</b>	<b>54,495</b>	<b>3,654,398</b>	<b>2,436,451</b>	<b>50,470</b>	<b>2,486,921</b>
<b>Expenditure on:</b>							
Raising funds	5	69,329	-	69,329	51,640	-	51,640
Charitable activities							
Leisure Centres	5	2,764,700	52,092	2,816,792	2,165,627	50,470	2,216,097
Catering	5	154,325	-	154,325	144,599	-	144,599
<b>Total expenditure</b>		<b>2,988,354</b>	<b>52,092</b>	<b>3,040,446</b>	<b>2,361,866</b>	<b>50,470</b>	<b>2,412,336</b>
<b>Net income for the year</b>	6	<b>611,548</b>	<b>2,403</b>	<b>613,952</b>	<b>74,585</b>	<b>-</b>	<b>74,585</b>
Actuarial gains on defined benefit pension schemes		83,000	-	83,000	244,000	-	244,000
<b>Net movement in funds</b>		<b>694,548</b>	<b>2,403</b>	<b>696,951</b>	<b>318,585</b>	<b>-</b>	<b>318,585</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		468,524	-	468,524	149,939	-	149,939
<b>Total funds carried forward</b>		<b>1,163,072</b>	<b>2,403</b>	<b>1,165,475</b>	<b>468,524</b>	<b>-</b>	<b>468,524</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

**Adur Community Leisure Limited**

**Balance sheet**

Company no. 05386540

**As at 31 March 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets:</b>					
Tangible assets	11		<u>1,816,807</u>		<u>428,744</u>
<b>Current assets:</b>					
Stock	12	15,049		19,627	
Debtors	13	30,867		12,147	
Cash at bank and in hand		<u>150,461</u>		<u>317,698</u>	
		196,377		349,472	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	14	<u>(313,065)</u>		<u>(203,358)</u>	
<b>Net current (liabilities) / assets</b>			<u>(116,688)</u>		<u>146,114</u>
<b>Total assets less current liabilities</b>			<u>1,700,119</u>		<u>574,858</u>
Creditors: amounts falling due after one year	15		<u>(733,644)</u>		<u>(232,334)</u>
<b>Net assets excluding pension asset</b>			<u>966,475</u>		<u>342,524</u>
Defined benefit pension scheme asset			<u>199,000</u>		<u>126,000</u>
<b>Total net assets / (liabilities)</b>			<u><u>1,165,475</u></u>		<u><u>468,524</u></u>
<b>The funds of the charity:</b>					
Restricted income funds			2,403		-
Unrestricted income funds:					
General funds		964,072		342,524	
Pension reserve		<u>199,000</u>		<u>126,000</u>	
<b>Total unrestricted funds</b>			<u>1,163,072</u>		<u>468,524</u>
<b>Total charity funds</b>			<u><u>1,165,475</u></u>		<u><u>468,524</u></u>

Approved by the trustees on 3 October 2016 and signed on their behalf by



Peter Wilson  
Chair

**Adur Community Leisure Limited**

**Statement of cash flows**

**For the year ended 31 March 2016**

	Note	2016 £	2015 £
Cash flows from operating activities	18		
Net cash provided by operating activities		106,956	107,611
Cash flows from investing activities:			
Interest from investments		501	799
Purchase of fixed assets		(274,694)	(105,326)
Net cash used in investing activities		(274,193)	(104,527)
Change in cash and cash equivalents in the year		(167,237)	3,084
Cash and cash equivalents at the beginning of the year		317,698	314,614
Cash and cash equivalents at the end of the year		150,461	317,698

**1 Accounting policies**

**a) Basis of preparation**

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) (August 2014) and the Companies Act 2006.

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

**b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)**

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 April 2014.

The reporting of the defined benefit scheme under FRS102 means that the actuarial gain for 2015 increased by £27,000 to £244,000 and the pension costs recognised in expenditure also increased by £27,000. This had no impact of the brought forward reserves or the net income for 2015.

The new rules around finance leases under FRS102 have meant that some leases entered into in 2014/15 which were treated as operating leases, are now considered finance leases. The fixed assets balance has been restated to include these leases and the appropriate liability also shown. This had no impact on net movement in funds or brought forward reserves.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that 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.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**1 Accounting policies (continued)**

**g) Interest receivable**

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.

**h) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**i) Expenditure and irrecoverable VAT**

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:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services 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 against the activity for which the expenditure was incurred.

**j) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- |                       |     |
|-----------------------|-----|
| ● Leisure Centres     | 94% |
| ● Catering Activities | 6%  |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**k) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**l) Finance leases**

Assets purchased under finance leases are capitalised as fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charge. Finance charges are written off to the SOFA over the period of the lease so as to produce a constant periodic rate of charge.



**1 Accounting policies (continued)**

**m) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £20,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The useful lives in use are as follows:

- |                           |                              |
|---------------------------|------------------------------|
| ● Leasehold Property      | 50 years                     |
| ● Leasehold Improvements  | 10-40 years                  |
| ● Assets on Finance Lease | over the length of the lease |

**n) Stocks**

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

**o) Debtors**

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

**p) 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.

**q) 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 trade discounts due.

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

**r) Pensions**

The charity contributes to a multi-employer defined benefit pension scheme. The cost of providing the pensions and related benefits is charged to the SoFA over the employees' service lives on the basis of a constant percentage of earnings which is an estimate of the regular cost. Variations from regular cost, arising from periodic actuarial valuations are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. Full details of the scheme are given in note 21.

**Adur Community Leisure Limited**

**Notes to the financial statements**

**For the year ended 31 March 2016**

**2 Income from donations**

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
<b>Fixed assets</b>				
Tangible fixed assets	1,277,927	-	1,277,927	-
<b>Current assets</b>				
Stocks	2,281	-	2,281	-
Debtors	18,216	-	18,216	-
Cash at bank and in hand	3,521	-	3,521	-
	24,018	-	24,018	-
<b>Liabilities</b>				
Creditors: amounts falling due within one year	77,156	-	77,156	-
<b>Net current assets</b>	(53,138)	-	(53,138)	-
<b>Creditors: amounts falling due after more than one year</b>	(580,915)	-	(580,915)	-
<b>Transfer of West Chanctonbury Recreation Association Assets</b>	643,874	-	643,874	-

On 1 April 2015 all of the activities, assets and funds of WCRA (another charitable company within the Impulse Leisure group) were transferred to Adur Community Leisure.

**3 Income from charitable activities**

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Adur District Council	180,000	-	180,000	190,000
West Sussex Short breaks funding	-	38,000	38,000	21,130
Leisure activities	2,599,406	16,495	2,615,901	2,142,051
<b>Sub-total for Leisure Centres</b>	2,779,406	54,495	2,833,901	2,353,181
Catering services	171,121	-	171,121	127,941
Office rent	5,000	-	5,000	5,000
<b>Total income from charitable activities</b>	2,955,527	54,495	3,010,023	2,486,122

**4 Income from investments**

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Bank interest	501	-	501	799

Adur Community Leisure Limited

Notes to the financial statements

For the year ended 31 March 2016

5 Analysis of expenditure

	Charitable activities						
	Cost of raising funds £	Leisure Centres £	Catering £	Governance costs £	Support costs £	2016 Total £	2015 Total £
Staff costs (Note 7)	-	1,273,079	28,531	-	142,729	1,444,339	1,191,744
Promotion and publicity	69,329	-	-	-	-	69,329	51,640
Premises costs	-	355,891	1,226	-	-	357,117	376,153
Purchases for resale	-	96,871	57,717	-	-	154,588	128,060
Office administration costs	-	287,919	15,594	-	702,522	1,006,035	657,109
Audit and Accountancy	-	-	-	8,900	-	8,900	7,550
Legal and Professional	-	-	-	138	-	138	80
	69,329	2,013,760	103,068	9,038	845,251	3,040,446	2,412,336
Support costs	-	794,536	50,715	-	(845,251)	-	-
Governance costs	-	8,496	542	(9,038)	-	-	-
<b>Total expenditure 2016</b>	<b>69,329</b>	<b>2,816,792</b>	<b>154,325</b>	<b>-</b>	<b>-</b>	<b>3,040,446</b>	<b>2,412,336</b>
<b>Total expenditure 2015</b>	<b>51,640</b>	<b>2,216,097</b>	<b>144,599</b>				<b>2,412,336</b>

# Adur Community Leisure Limited

## Notes to the financial statements

For the year ended 31 March 2016

### 6 Net income for the year

This is stated after charging:

	2016 £	2015 £
Depreciation	164,558	25,109
Interest payable	37,330	491
Operating lease rentals:		
Other	150,341	82,672
Auditors' remuneration (excluding VAT):		
Audit	7,300	7,300
Other services	1,600	250

### 7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	1,324,182	1,074,081
Redundancy and termination costs	1,800	-
Social security costs	62,634	51,935
Employer's contribution to defined contribution pension schemes	6,995	-
Operating costs of defined benefit pension schemes	38,728	45,728
Actuarial pension adjustment	10,000	20,000
	<u>1,444,339</u>	<u>1,191,744</u>

No employee earned more than £60,000 during the year (2015: nil).

The total employee benefits including pension contributions of the key management personnel were £196,125 (2015: £173,212).

One of the trustees' is an employee elected trustee who is paid for his services as an employee in his role as Duty Manager. He is not paid for his role as a trustee.

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £138 (2015: £80) incurred by 1 (2015: 1) member relating to attendance at meetings of the trustees.

### 8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2016 No.	2015 No.
Leisure Centres	152	118
Catering	8	9
Support	6	6
	<u>166</u>	<u>133</u>

**9 Related party transactions**

There are no related party transactions to disclose for 2016 other than the remuneration paid to an employee who is an employee representative on the board of trustees, as explained in note 7 (2015: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

**10 Taxation**

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

**11 Tangible fixed assets**

	Assets on Finance Lease £	Leasehold improvements £	Total £
<b>Cost or valuation</b>			
At the start of the year	324,207	256,978	581,185
Transferred from West Chanctonbury	-	1,574,044	1,574,044
Additions in year	-	274,694	274,694
At the end of the year	324,207	2,105,716	2,429,923
<b>Depreciation</b>			
At the start of the year	27,032	125,409	152,441
Transferred from West Chanctonbury	-	296,117	296,117
Charge for the year	64,841	99,717	164,558
At the end of the year	91,873	521,243	613,116
<b>Net book value</b>			
At the end of the year	232,334	1,584,473	1,816,807
At the start of the year	297,175	131,569	428,744

All of the above assets are used for charitable purposes.

**12 Stock**

	2016 £	2015 £
Finished goods	15,049	19,627

**13 Debtors**

	2016 £	2015 £
Other debtors	5,935	2,120
Prepayments	24,932	10,027
	30,867	12,147

# Adur Community Leisure Limited

## Notes to the financial statements

For the year ended 31 March 2016

### 14 Creditors: amounts falling due within one year

	2016 £	2015 £
Other loans	33,800	-
Bank loans	48,632	-
Amounts due under finance leases	64,841	64,841
Trade creditors and accruals	77,810	90,855
Vat payable	7,015	5,161
Amounts owed to companies in the Impulse Leisure Group	79,876	42,501
Deposits for future events	1,092	-
	<b>313,065</b>	<b>203,358</b>

### 15 Creditors: amounts falling due after one year

	2016 £	2015 £
Bank loans	360,684	-
Other loans	205,467	-
Amounts due under finance leases	167,493	232,334
	<b>733,644</b>	<b>232,334</b>

The charity has loans transferred from West Chanctonbury Recreation Association, as part of the merger. These loans helped to fund the facility improvement works in 2014/2015. These loans are:

A loan of £409,316 with National Westminster Bank PLC which commenced in August 2014 and is repayable over 10 years instalments. Interest is chargeable at 3.5% over base rate.

A loan of £171,600 from the Parent Company (Impulse Leisure Ltd.) which commenced in December 2014 and is payable in instalments over 10 years at a fixed interest rate of 5%.

The Charity also has a loan of £67,667 from Thurrock Community Leisure Ltd. (part of Impulse Group), which commenced in February 2016, payable over 5 years at a fixed interest rate of 5%. This loan was used to fund the Astro Turf Pitch at Lancing Manor.

### 16 Analysis of net assets between funds

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	1,816,807	-	1,816,807
Net current (liabilities) / assets	(119,081)	2,403	(116,688)
Long term liabilities	(733,644)	-	(733,644)
Defined benefit pension asset	199,000	-	199,000
<b>Net assets at the end of the year</b>	<b>1,163,082</b>	<b>2,403</b>	<b>1,165,475</b>

Adur Community Leisure Limited

Notes to the financial statements

For the year ended 31 March 2016

17 Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers and gains £	At the end of the year £
<b>Restricted funds:</b>					
Leisure Centres	-	54,495	(52,092)	-	2,403
<b>Unrestricted funds:</b>					
General funds	342,524	3,599,902	(2,978,354)	-	964,072
Pension reserve	126,000	-	(10,000)	83,000	199,000
Total unrestricted funds	468,524	3,599,902	(2,988,354)	83,000	1,163,072
Total funds including pension fund	46,524	3,654,397	(3,040,446)	83,000	1,165,475

Purposes of restricted funds

Grant of £38,000 from West Sussex County Council was received in the year to provide short break services and inclusive activities for disabled children.

Various other grants received from other funders for healthy living, sports and programmes to help improve health and fitness in the community.

18 Reconciliation of net income to net cash flow from operating activities

	2016 £	2015 £
Net income) for the reporting period (as per the statement of financial activities)	613,952	74,585
Depreciation charges on leasehold improvements	164,558	25,109
Transfer of assets (net book value)	(1,277,927)	-
Actuarial pension scheme charges	10,000	20,000
Interest from investments	(501)	(799)
Decrease / (increase) in stocks	4,578	(4,914)
Increase in debtors	(18,720)	(874)
Increase/(decrease) in creditors	611,016	(5,496)
Net cash provided by / (used in) operating activities	106,956	107,611

Adur Community Leisure Limited

Notes to the financial statements

For the year ended 31 March 2016

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19 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Equipment 2016 £	2015 £
Less than one year	84,695	81,639
One to five years	62,348	143,733
	<u>147,043</u>	<u>225,372</u>

20 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.



# Adur Community Leisure Limited

## Notes to the financial statements

For the year ended 31 March 2016

### 21. Pension scheme

Employees of Adur Community Leisure are admitted to the West Sussex County Council Pension Fund, a defined benefit scheme which is administered by West Sussex County Council under the regulations governing the Local Government Pension Scheme. The calculation can also be very sensitive to the actuarial assumptions used in valuing the scheme. The figures disclosed below have been derived by approximate methods from the full actuarial valuation of the Fund carried out by Hymans Robertson as at 31 March 2013.

The employee benefit obligations recognised in the balance sheet are as follows:

	2016 £'000	2015 £'000
Fair value of plan assets	1,811	1,741
Present value of funded obligations	(1,612)	(1,615)
Net asset	199	126

Amounts recognised in net incoming resources are as follows:

	2016 £'000	2015 £'000
Current service cost	54	53
Net interest on defined liability	(4)	5
Total	50	58
Actual return on plan assets	199	126

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

	2016 £'000	2015 £'000
Opening defined benefit obligation	1,615	1,582
Service cost	54	53
Interest cost	56	69
Contributions by members	14	13
Actuarial gains	(106)	(81)
Benefits paid	(21)	(21)
Closing defined benefit obligation	1,612	1,615

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

	2016 £'000	2015 £'000
Opening fair value of plan assets	1,741	1,484
Interest on assets	60	64
Other actuarial (losses) / gains	(23)	163
Contributions by members	14	13
Contributions by employer	40	38
Benefits paid	(21)	(21)
	1,811	1,741

## 21. Pension scheme (continued)

The charity expects to contribute £40,000 to its defined benefit pension plan in 2016/17.

The fair values of employer assets and the major categories of plan assets as a percentage of total plan assets are as follows:

	2016 £'000	2016 %	2015 £'000	2015 %
Equities	1,304	72%	1,289	74%
Bonds	290	16%	261	15%
Property	163	9%	104	6%
Cash	54	3%	87	5%
	<u>1,811</u>	<u>100%</u>	<u>1,741</u>	<u>100%</u>

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

	2016 %	2015 %
Discount rate at the end of the year	3.8%	3.4%
Expected return on plan assets at the end of the year	3.4%	3.4%
Future salary increases	1.0%	1.0%
Future pension increases	<u>2.2%</u>	<u>2.0%</u>

The return on the fund is based on actual fund returns as provided by the Administering Authority and index returns where necessary.

Amounts for the current and previous four periods are as follows:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Defined benefit obligation	(1,612)	(1,615)	(1,582)	(1,567)	(1,244)
Plan assets	<u>1,811</u>	<u>1,741</u>	<u>1,484</u>	<u>1,409</u>	<u>1,192</u>
Surplus / (deficit)	199	126	(98)	(158)	(52)
Experience	21	(7)	183	2	(11)
Experience	<u>136</u>	<u>136</u>	<u>(4)</u>	<u>109</u>	<u>(40)</u>