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REPORT OF THE COMMITTEE OF MANAGEMENT  
AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016  
FOR  
GREENWICH LEISURE LIMITED

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



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**FOR THE YEAR ENDED 31 DECEMBER 2016**

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## **GREENWICH LEISURE LIMITED**

### **REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT** **FOR THE YEAR ENDED 31 DECEMBER 2016**

The Committee of Management present their report, with the consolidated financial statements of the Society and its subsidiaries for the year ended 31 December 2016. The Committee of Management have adopted the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective January 2015).

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Society Name**

Greenwich Leisure Limited. Customer facing brand is 'Better'

##### **Registered Society number**

IP27793R (England and Wales)

##### **HMRC Charity number**

XR43398

##### **Registered office**

Middlegate House  
The Royal Arsenal  
London  
SE18 6SX

##### **Committee of Management**

J M Sesnan

S Ward

A Ritchie

G Kirk

L Smith

J Rham

P Brooks

A Bindon

Resigned & Reappointed on 27 June 2016

C Hebblewhite

Resigned on 27 June 2016

B Brown

Resigned & Reappointed on 27 June 2016

S Wright

Resigned & Reappointed on 27 June 2016

R Durrant

Resigned & Reappointed on 27 June 2016

M Perren

Resigned & Reappointed on 27 June 2016

E Norsworthy

E Anderson

L Bird

J Smith

C Roberts

Appointed on 27 June 2016

S Hannen

Appointed on 27 June 2016

##### **Chief Executive**

J M Sesnan

##### **Secretary**

P Donnay

##### **Bankers**

Coop Bank

Lloyds Bank

14 Hythe Street

Faryners House

Dartford

25 Monuments Street

DA1 1BD

London

EC3R 8BD

##### **Auditors**

McCabe Ford Williams

Statutory Auditors and Chartered Accountants

Bank Chambers

1 Central Avenue

Sittingbourne

Kent

ME10 4AE

## **GREENWICH LEISURE LIMITED**

### **REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The Committee of Management, also referred to in this report as the Board of Trustees, present their report with the financial statements of the Society for the year ended 31 December 2016.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

GLL is an Exempt Charity and a Registered Society under the Co-operative and Community Benefit Societies Act 2014. The Society operates for the benefit of the wider communities we serve and does not distribute profit. Any surplus is applied solely to a general reserve for the continuation and development of the Society.

GLL was established in 1993 with a portfolio of seven leisure centres in one Partnership. In 2016, the GLL Group directly managed over 300 facilities including leisure centres, play centres, children centres and libraries in partnership with over 50 local councils and other organisations.

In 2015, "Carlisle Leisure Limited" (CLL) merged into GLL via an IPS transfer of engagement. GLL also acquired "North Country Leisure Limited" (NCL) and "Tone Leisure Group Limited" as wholly owned subsidiaries. The structure remained as such through 2016.

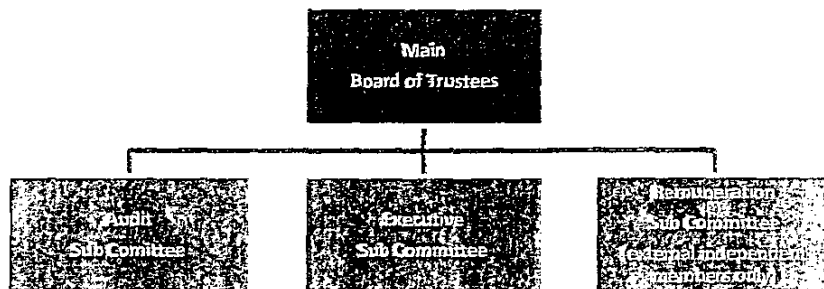
In addition, GLL owns GLL (Trading) Limited and Gosling Leisure Limited. Business activities classified as non charitable are traded through these subsidiaries to maintain transparency. Surplus from these subsidiaries are gift aided back to GLL.

The income turnover of the Society alone in 2016 was £225m whilst the turnover of the GLL Group was £246m.

GLL is widely acknowledged to be the UK's leading charitable social enterprise delivering leisure, health, cultural and community services.

GLL is governed by a Board of Trustees appointed by the annual general meeting. Our governing document is our rules, first registered in 1993, and most recently revised and re-registered with the Financial Conduct Authority on the 17th February 2010.

The GLL Board of Trustees has representation from a number of stakeholders including Local Authority members, Independent skilled professionals and significantly, the Workforce. This stakeholder mix has helped create empowerment, enthusiasm and ownership at all levels of the organisation.



The governance structure reporting to the Board includes the:

- Executive Sub Committee for investment and urgent decisions (full delegated authority).
- Audit Sub Committee responsible for managing GLL's risk register as well as signing off the Financial Statements annually on behalf of the Board before presentation at the Annual General Meeting.
- Remuneration Sub Committee responsible for the employment and terms and conditions of the executive directors and the general pay and remuneration terms of all employees (No members of staff can sit on this sub committee)

The Board of Trustees reviews and sets the Strategy and Objectives annually in the context of the five year corporate plan. It meets quarterly to review progress and consider additional strategy and policy decisions.

GLL nominates 2 GLL representatives to sit on the Board of Trustees of its subsidiaries.

GLL operates a risk register to record any potential risk the society may face. The risk register is a working document that is updated on an ongoing basis with mitigating strategies as necessary. The register is reviewed by the Audit Sub Committee every quarter.

Day to day management and delivery of GLL's annual corporate plan is delegated to the Managing Director and the Executive Director team. The Managing Director reports to the Board of Trustees and is a full ex officio member of the Board.

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Recruitment and appointment of new Board Members**

In exercising its powers to nominate, appoint, reappoint, elect, re-elect, approve and dismiss Members, the Society Members seek to ensure that the Board is representative of the local community and also comprises persons with a broad range of skills who are likely to contribute to the Society's success.

**Induction and training of new Board Members**

Board Members follow an induction and familiarisation programme as required, and attend development sessions to discuss improvement proposals, which also feature externally facilitated sessions with leisure industry representatives and health professionals.

**Staff Empowerment**

All eligible staff in GLL are encouraged to join the Society as voting members. This leads to a high level of commitment, empowerment and motivation resulting in an improved quality of service to the community. GLL also enjoys remarkably low absence levels.

**Remuneration of Key Management Personnel**

The Remunerations Sub Committee (RSC) made up entirely of independent Trustees is responsible for determining the pay of key management personnel and for setting the annual pay awards for all employees and workers.

*In summary:*

- the Remuneration Sub Committee takes responsibility (i) for determining both the policy and structure for the executive directors' pay and benefits package, and their pay awards, and (ii) for approving the directors' recommendations on the pay awards for other employees and workers;
- the Director Team is responsible for the pay and benefits packages of all other employees and workers, and for making recommendations to the Remuneration Sub Committee on the annual pay award for all employees and workers other than themselves.

The full Board of Trustees remains responsible for the appointment of the Managing Director (MD) and, with him or her, for the appointment of other directors. It is also responsible for the termination of the employment of the MD and other directors, although any termination payment is to be determined by the Remuneration Sub Committee.

In conducting its role, the RSC periodically reviews the remuneration of Directors in line with the development of the Society. Past reviews have included the commissioning of independent surveys to ensure appropriate benchmarking of pay awards. The last review was conducted in 2013.

**OBJECTIVES AND ACTIVITIES**

The objects of the society are:

- (a) to provide or assist in the provision of facilities and services for the public benefit for recreational, sporting or other leisure time occupation in the interests of social welfare, healthy living and education, such facilities being provided to the public at large save that special facilities may be provided for persons who by reason of their youth, age, infirmity or disability, poverty or social or economic circumstances may have need of special facilities and services, and /or
- (b) to promote community participation in healthy living, and/or
- (c) to advance the education of the public in the benefits of healthy lifestyles, and /or
- (d) to advance the arts, culture and / or heritage, and / or
- (e) to provide support services relating to the above, and / or
- (f) to provide consultancy and advice to public, sporting and charitable organisations, and / or
- (g) such other charitable purposes beneficial to the community consistent with the objects above as the Trustees shall in their absolute discretion determine.

## GREENWICH LEISURE LIMITED

### REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### OBJECTIVES AND ACTIVITIES (continued)

In 2016, GLL and its wholly owned subsidiaries worked in direct Partnership with the following Councils and organisations delivering some of their public services including leisure centres, libraries, play centres and children centres:

- Allerdale Borough Council
- Bath and North East Somerset Council
- Belfast City Council
- *Bridgend Borough Council*
- Cambridge City Council
- Cardiff City Council
- Carlisle City Council
- Chiltern District Council
- City of Westminster
- City of York
- Copeland Borough Council
- Eden District Council
- Epsom and Ewell Borough Council
- Jubilee Halls Trust
- Greater London Assembly
- Guildmore Ltd
- Henley Town Council
- *Lincolnshire County Council*
- London Legacy Development Corporation
- London Borough of Barnet
- London Borough of Camden
- London Borough of Ealing
- London Borough of Lambeth
- London Borough of Hackney
- London Borough of Hammersmith & Fulham
- London Borough of Hillingdon
- London Borough of Islington
- London Borough of Merton
- London Borough of Tower Hamlets
- London Borough of Waltham Forest
- London Borough of Wandsworth
- London Playing Fields Foundation
- Manchester City Council
- Newcastle City Council
- North Somerset Council
- Prestwood Sport and Leisure Association
- Reading Borough Council
- Reigate and Bansted Borough Council
- Royal Borough of Greenwich
- Royal Borough of Kensington & Chelsea
- Rugby Borough Council
- South Bucks District Council
- *South Hams Council*
- South Lakeland District Council
- South Oxfordshire District Council
- Swindon Borough Council
- Taunton Deane Borough Council
- Telford and Wrekin Borough Council
- Vale of White Horse District Council
- *West Oxfordshire District Council*
- Wythenshawe forum trust

## GREENWICH LEISURE LIMITED

### REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### OBJECTIVES AND ACTIVITIES (continued)

This **partnership** approach with the various councils and organisations has been a key plank of our success. However, each relationship is underpinned by a formal contract and each contract is subject to termination dates and possible tendering for renewal.

In addition, GLL worked in partnership with fellow social enterprises:

**Freedom Leisure Limited** in delivering the services of 6 public leisure centres in the South and South East for the following Councils:

- Crawley Borough Council
- Guildford Borough Council
- Woking Borough Council

**Halo Leisure Limited** in delivering services in 8 leisure centres for Bridgend County Borough Council.

Outside of partnership arrangements, GLL holds and manages a number of "stand alone" facilities including:

- Charlton Lido under a 97 year lease (redeveloped over 2013/14)
- Poplar Baths Leisure Centre and Gym
- Wembley Leisure Centre
- Barking Sporthouse & Gym (incorporating a Better Extreme Trampoline Park)
- Gosling Sports Park
- Sutton Sports Village
- 14 community health & fitness stand alone facilities

#### CORE PURPOSE

GLL's overarching aim is to deliver sustainable and affordable provision of facilities and services for the public benefit for recreational, sporting, cultural and other leisure time occupation in the interest of social welfare, healthy living and education.

GLL has adopted Four Pillars to frame our vision and mission:

1. Service Excellence → "BETTER SERVICE"
2. Strong Business → "BETTER BUSINESS"
3. Motivated, Engaged and Well Trained Staff → "BETTER PEOPLE"
4. Social Impact → "BETTER COMMUNITIES"

We seek to drive our business across all four of these objectives using a balanced scorecard to track our progress and ensuring our Charitable Objectives are continuously met.

#### **Service Excellence → "BETTER SERVICE"**

GLL aims to:

- Operate facilities that are accessible by all sections of the community save that special facilities may be provided for persons who by reason of their youth, age, infirmity or disability, poverty or social or economic circumstances may have need of special facilities and services
- Provide a balanced programme and pricing of activities for sport, physical activities and cultural services.
- Deliver services and facilities that are consistently rated as excellent as well as utilise quality benchmarks such as Quest and the Customer Service Excellence Standard

## GREENWICH LEISURE LIMITED

### REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### CORE PURPOSE (continued)

##### **Strong Business → "BETTER BUSINESS"**

GLL aims to:

- Achieve stability and growth in our existing operations whilst developing new products and markets including our online portals
- Continue to improve efficiencies and effectiveness, making sure our available resources are maximised and put to best use
- Develop new business opportunities and partnerships where they can bring added value
- Continue to build on our existing partnerships for the long term
- Continue to invest into the leisure centre and Library buildings
- Build our asset portfolio

##### **Motivated, Engaged and Well Trained Staff → "BETTER PEOPLE"**

GLL aims to:

- Train our staff well, pay our staff well and ensure they are engaged in the long term future and success of our business and our mission
- Work with employment agencies and Sector Skills Councils to provide long term career opportunities for local people within sport, leisure and cultural services.
- Develop our staff through continuous professional development through our own industry accredited training college (the GLL College) and a suite of career-long academies and apprenticeships.

##### **Social Impact → "BETTER COMMUNITIES"**

GLL aims to:

- Work with volunteers, clubs, national governing bodies, health & social service organisations to provide improved lifestyles, health and education for local communities
- Deliver across the environmental and sustainability agenda
- Promote the values that Social Enterprise can bring
- Promote the Olympic and Paralympic Games legacy agendas and ideals and to maximise the associated benefits
- Acknowledge and reward young individuals with sporting talent through the GLL Sport Foundation programme and associated partner schemes
- As a charitable organisation, GLL reinvests ALL surpluses into delivering our social aims

#### **Wider Partnerships**

GLL works closely with or seeks to have a relationship with many other partners in addition to our local authority partners, these include:

- The London Mayor's office, Greater London Assembly and the London Legacy Development Corporation (LLDC)
- Sports and Recreation Trusts Association (Sporta)
- The Sector Skills Council, SkillsActive and the National Skills Academy
- Sport England
- Greenwich, Newham and Hackney Community Colleges
- Social Enterprise Coalition (SE UK)
- UK Active (FIA) and CIMPSA
- British Swimming / Swim England, Lawn Tennis Association (LTA), British Gymnastics, GB Basketball, British Basketball League, England Basketball, GB Handball, England Netball, Badminton England, Volleyball England, British Fencing, Squash England and other UK Sports Governing Bodies
- Middlesex University and the London Sport Institute (GLL Sport Foundation)

We aim to support local and central government initiatives that promote the development of services for the benefit of the wider community particularly in the areas of sport, health, culture and physical activity.

These aims and objectives are delivered through a range of strategies that are listed in GLL's annual and 5 year Corporate Plans. These plans are managed by the Executive Director team and reviewed by the Board.



## **GREENWICH LEISURE LIMITED**

### **REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **STRATEGIC REPORT**

##### **ACHIEVEMENTS & PERFORMANCE**

During 2016 the organisation continued to grow and diversify in line with the corporate objectives set for the year.

The following outlines some of the highlights for the year:

- We entered in to a long term partnership on the 1st December to operate 8 leisure centres on behalf of Cardiff City Council
- We agreed a 125 year asset transfer of 2 leisure centres from Preston City Council with operation to commence in 2017
- We began operating Telford Indoor Tennis Centre on behalf of Telford and Wrekin Borough Council
- We secured a long term partnership with East Cambridgeshire Council for the operation of a £13m new build leisure centre in Ely. The new centre is due to open in 2019
- We acquired the 50 acre Gosling Sports Park on a 116 year lease
- We acquired Sutton Sports Village on a 56 year lease
- We secured a 25 year partnership with Cornwall County Council to operate their 15 leisure centres. Operation begins in 2017
- We acquired 8 health clubs from FitSpace Group Ltd to add to our portfolio of owned assets
- We opened the £10m Wembley Leisure Centre following practical completion by developers Donban
- We opened the £25m Waltham Forest Feel Good Centre in partnership with Waltham Forest Council
- We opened the £15m Poplar Baths Leisure Centre with our partners Guildmore Ltd and Tower Hamlets Council
- We opened the £11.5m Workington Leisure Centre in partnership with Allerdale Borough Council
- We started the operation and support of 45 Libraries on behalf of Lincolnshire County Council
- We secured a 5 year extension to our leisure management partnership with Hackney Council

In summary, 2016 has been another successful year that has seen GLL continue to grow and deliver the key requirements set out under our Corporate Plan Four Pillars

##### **FINANCIAL REVIEW**

The results for the year 2016 (January 1st - December 31st) are set out within these consolidated financial statements.

Overall the GLL Society Turnover excluding the newly acquired subsidiaries grew by 5.6% in 2016 compared with 2015 to £224m.

Including subsidiaries, the GLL consolidated turnover grew to £246m from £226m, a growth of 9%..

The net trading surplus from operating activities of the Society alone was £3.8 million for the year, before adjustments for defined benefit pension schemes, representing a 1.7% margin.

During the year, GLL made significant business acquisitions that had a negative impact to the trading performance of circa £630k. Excluding these extraordinary items, the surplus margin achieved was 2%.

On the same basis and including the subsidiaries trading, the net trading surplus was £1.7m (NCL declared a loss of £2.3m in the year whilst the Tone Group declared a surplus of £278k). This represents a 0.8% group margin.

The margin is low because of extraordinary events in the year, namely: the acquisitions of Gosling Sports Park, Sutton Sports Village, Fitspace stand alone gyms and the performance of NCL that suffered losses due to early year trading deficits following an asset transfer in Newcastle.

The net fund shown on the balance sheet has moved into a negative position but only because of pensions accounting disclosures.

Please read note 27 to the accounts that explains the reasons behind the change.

There is much debate by professionals about the accounting disclosures and the methodology used versus the actuarial method used by the actuaries when calculating the true position in the pension funds.

## GREENWICH LEISURE LIMITED

### REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### FINANCIAL REVIEW (continued)

##### **Risk Management**

The Trustees recognise risk management as one of their key responsibilities. The Trustees are adopting a risk management policy from which they have identified potential risks, the likelihood of their occurrence and the potential costs involved. In addition they have identified current practices in place to mitigate the risk and further action that might be necessary to limit that risk. The Board receive quarterly financial information and sufficient commitments are made to cover known liabilities.

##### **Reserves Policy and Social funds:**

The Board has considered the risks and opportunities and reviewed the level of cash reserves which it deems prudent to maintain. The funds held are considered adequate for the coming year.

A strategy to increase the Company's cash reserves and asset portfolio over the coming years has been adopted by the Board to support investment plans and protect the organisation against future risks. GLL will evaluate all opportunities as they arise with an aim to build our asset portfolio over time.

The Group had total funds at the balance sheet date of £34,675,923 (2015: £32,938,282) before accounting for the deficit on defined benefit pension schemes of £45,149,000.

Included within this amount are restricted funds of £370,801 (2015: £314,456).

Unrestricted reserves before accounting for the deficit on defined benefit pension schemes and share capital are £34,262,697 (2015: £32,583,751).

At 31 December 2016, the group had accumulated cash balance and working capital of £21.6m.

The Society is in a relatively favourable cash flow position because we receive some of our income in advance of expenditure.

The Committee of Management recognise the need for a level of financial reserves that will:

1. Allow for planned investment and other similar purposes;
2. Allow for cyclical maintenance expenditure which the Society has an obligation to incur under various property leases; and
3. Shield the Society from the possibility of adverse unforeseen circumstances.

These unforeseen circumstances include a number of specific events that have been identified in the Society's Risk Register.

##### **Social Bond Issue**

As reported in the previous year's account, GLL with sustainable bank Triodos successfully raised £5 million of capital funds through a social bond issue in 2013.

The five-year bond pays 5% gross fixed interest per year. Investors were split evenly between retail (54%) and institutional investors (46%) with support from the City of London Corporation Social Investment Fund, Rathbone Ethical Bond Fund and the Bank Workers Charity. The minimum investment was £2,000 or £200 for GLL employees.

As part of the bond issue and to provide comfort to investors, 2 financial covenants were put in place. We are pleased to report against these below:

##### **Net Asset Covenant**

The Bonds incorporates a Net Asset Covenant which is designed to ensure that the Bond liability is covered at least two times by the unrestricted net asset value of the Society. The rationale for the Net Asset Covenant is to provide comfort to Bondholders by ensuring that GLL retains sufficient ability to liquidate or re-finance its assets to repay the Bonds at any time if necessary.

As at the 31st December, the bond liability was covered 6.8 times by the unrestricted net asset value, before defined benefit pension liabilities, of the Society. This exceeds the covenant target.

##### **Bond Interest Cover Covenant**

The Bonds also include a Bond Interest Cover Covenant which is designed to ensure that the annual Bond interest payable is covered at least five times by available surpluses.

The surplus declared for 2016 covers the annual bond interest by more than 15 times and thus comfortably exceeds the covenant target.

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**SOCIAL IMPACT & PUBLIC BENEFIT**

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

We have referred to the guidance in the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that they have set.

GLL is the UK's largest leisure and cultural charitable social enterprise. We operate 300 facilities with a diverse workforce of 12,000+. Our inherent social ethos, linked to our charitable objectives, ensures that accessibility, affordability and equality are at the heart of our community provision.

In 2016, GLL welcomed in excess of 42 million visits to our facilities across our wide range of activities.

**GLL's Primary Activity**

Increasing participation and modernising provision in sport, leisure and cultural activities are identified as the golden threads across all of GLL's divisions and services. GLL's ambition is for more people to engage with its services, more often. Increasing participation and improving services achieve outcomes which support all of GLL's four core Operating Pillars:

- **Better Communities:** Improving access to service, achieving social impact goals, reducing inequalities, promoting empowerment, integration, cohesion, health and wellbeing.
- **Better Business:** Income generation, achieving client targets, increasing investment in services and facilities.
- **Better People:** Creating new opportunities for employment, continuous professional development and job satisfaction. Encouraging staff to give back to their communities.
- **Better Service:** Engaging new users, retaining existing users; providing better value and increasing choice through varied programmes.

**Social Objectives**

The following statements encapsulate the organisation's purpose and social aspirations.

- *We exist to make community services, facilities and spaces better for everyone. That means providing access to quality community leisure, culture, children's services, sport and fitness facilities.*
- *We're a charitable social enterprise, which means we work for the benefit of the public, the communities we work in, the environment, our staff and our partners*
- *We promote healthy and active lifestyles, giving communities access to facilities that help improve their health and happiness through participation in activities. It could be gyms, libraries, playgrounds, children's centres or world-class venues such as the London Aquatic Centre and Copper Box Arena.*
- *As a charitable social enterprise, we invest in our communities. And it's not just money: we also invest time and effort in encouraging everyone to take advantage of our services.*

GLL continues to strive to be the best at delivering social impact across all our partnerships. This social delivery is a key ethos of the organisation and a reflection of our commitment to the communities we serve.

**Achieving Better Communities**

Through the promotion, provision and delivery of quality community services, GLL will empower the local communities in which it operates to achieve a better quality of life:

- **Improve health and wellbeing by increasing participation in positive and physical activities and sport.**
- **Reduce inequalities and improve access by investing in services and facilities**
- **Nurture achievements and performance pathways through high quality services**
- **Promote learning and development within our services and in our staff**

GLL is the UK's largest social enterprise public provider of sport, leisure and cultural services and is committed to making a real difference in the communities where we operate. As a social enterprise GLL has consistently kept the wellbeing of our customers at the core of our business and ethos – raising social value being as important as turnover and customer numbers to the business.

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**SOCIAL IMPACT & PUBLIC BENEFIT (continued)**

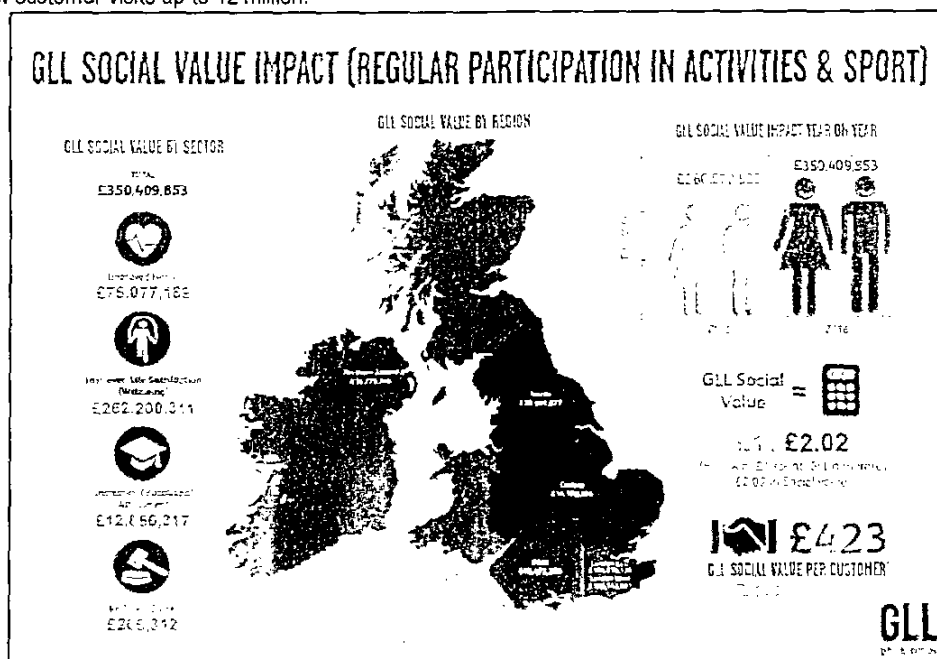
Social value has influenced the broader work of the organisation – as well as sitting at the core of GLL's 2016 Corporate Plan it also affirms GLL as a 'market leader' for championing social value. GLL uses social value creatively and innovatively helping local authority clients with public health and strategic planning around interventions – including CHD, Stroke, Breast & Colon Cancer, Type 2 Diabetes and Dementia – together with developing high quality sport, physical and cultural activity solutions for both the inactive population and committed sportspeople. The evidence base of the model underpins funding, informs tenders, and enables performance to be measured against targeted interventions for demographic, geographic and activity-based goals.

Taking part in sport, leisure and cultural activities provides an important part of the solution to improving the health and wellbeing of all members of society. GLL has used its Social Value Calculator to connect with our client customers and the communities we serve. Sport and physical activity as well as cultural interactions are widely recognised as impacting on social outcomes and generating social value in four ways:

- Improved health
- Reduced crime
- Increased educational attainment (employability)

Improved life satisfaction (social wellbeing)

As a result of getting more people more active more often in 2016 GLL generated social value of £350m – up from £260m in 2015. The work of the Sport and Communities team in the community supplementing the leisure centre offer created a significant impact, particularly with hard to reach groups. Support for national initiatives, such as This Girl Can, and being the official Health and Fitness Partner for Sport Relief, complementing a range of local initiatives helped boost attendance across all communities and 2016 saw customer visits up to 42 million.



The UK is facing a health challenge caused by poor lifestyles, diets and inactivity, whilst nationally; the economic cost of physical inactivity is rising. Using social value insight to direct its activities helps GLL support the government's physical activity agenda and deliver locally important initiatives. In contrast to national trends GLL's social value added approach is shown to be improving the health and wellbeing and increasing participation of communities across the UK where we operate.

Focusing on targeted investment and interventions, and understanding likely outcomes and impacts, the Social Value Calculator helps inform and underpin the offer we make within our local communities.

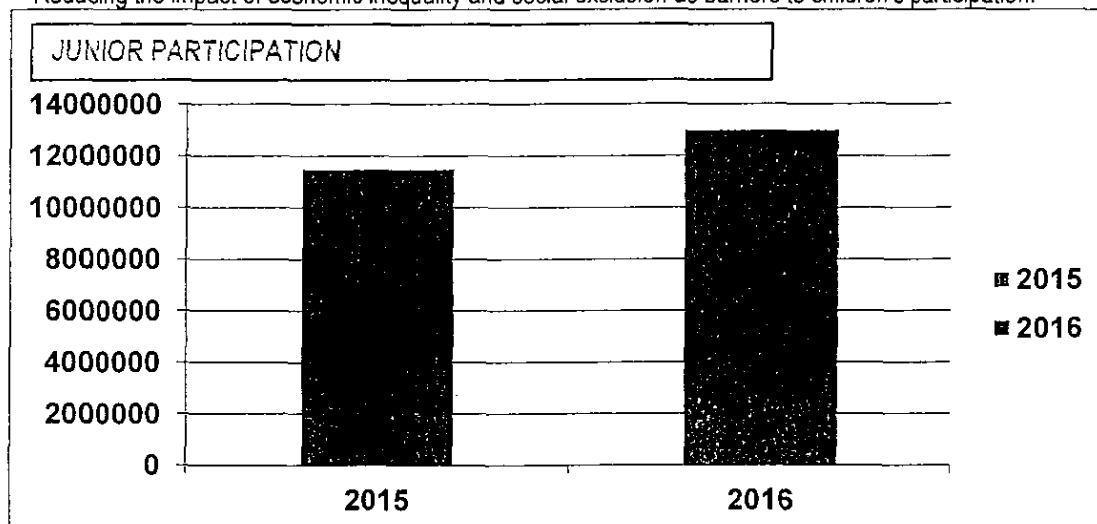
GLL constantly reviews and responds to trends and changes in the sport and communities landscape both generated by the consumer and national and local policy shifts. A more rigorous approach to delivery based on insight gained from the Social Value tool together with the regionalisation of its delivery teams has developed a sport and community focus based on three core audiences and has shown impressive results in growing participation:

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**SOCIAL IMPACT & PUBLIC BENEFIT (continued)**

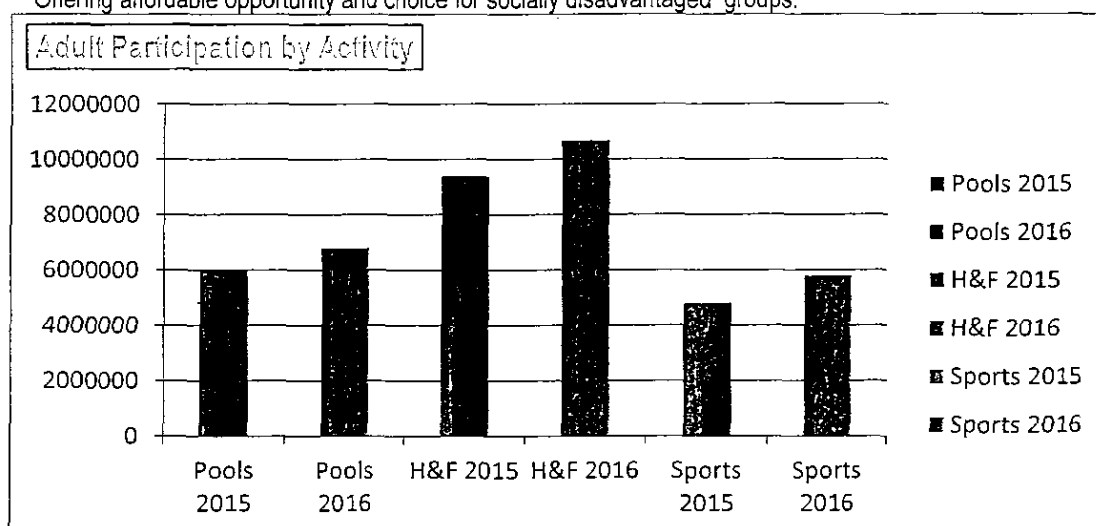
**Better Futures (children and young people)**

- Enabling children and young people to understand the importance of being active.
- Providing a range of sports and activities that grow a lifelong commitment to sport and physical activity.
- Reducing the impact of economic inequality and social exclusion as barriers to children's participation.



**Better Lifestyles (adults)**

- Allowing consumers the choice and opportunity to participate in activities which benefit themselves and their community.
- Developing recreational, educational and fitness offers that improve physical and mental wellbeing.
- Offering affordable opportunity and choice for socially disadvantaged groups.

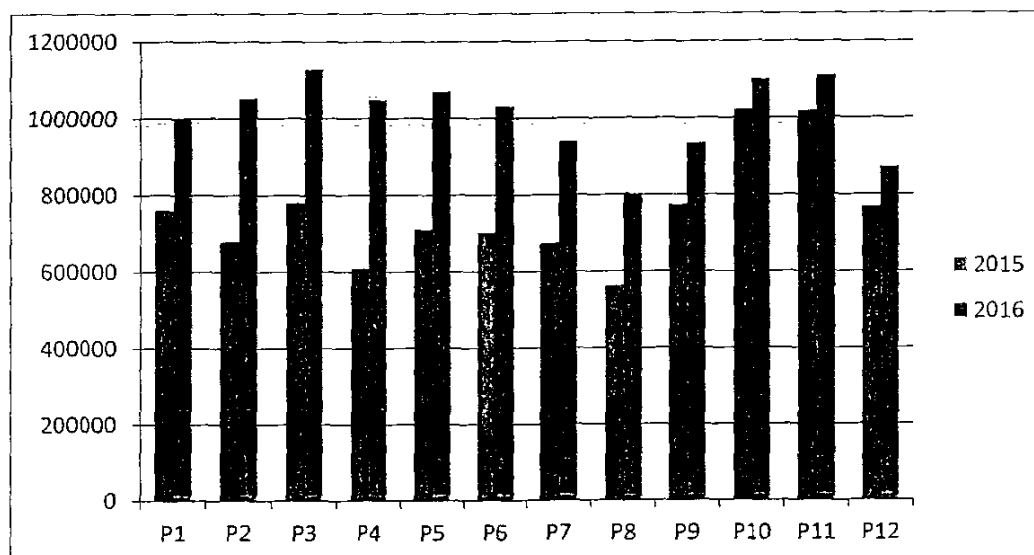


**Better pathways (committed sportspeople)**

- National strategically designed sport offers for committed, competitive and active people.
- Providing fitness and training for sport and lifestyles.
- Providing challenge and progression for individuals and clubs.
- Supporting inspiring clubs, events and competitions.

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**SOCIAL IMPACT & PUBLIC BENEFIT (continued)**



The variety of opportunities initiated by the Community Sport Managers to encourage communities to become more active can be seen in a few examples listed below.

**Better Futures:**

- London East: Mile End Holiday Club
- London West: Hillingdon Junior Memberships/Sport Relief Fundraising in Ruislip & Banstead
- North: Activate Healthy Schools – activity and nutrition programme
- Northern Ireland: Belfast Summer Holiday Schemes
- South West: Project Wellington – engaging in areas of deprivation
- West: Amersham Play Day

**Better Lifestyles:**

- London East: Swim London / This Girl Can Islington
- London West: Rebound Therapy Kensington & Chelsea / Donyngs Club [60+] Programme
- North: Active Life
- Northern Ireland: Jog Belfast 'Couch to 5k'
- South West: All Stars- adults with learning disabilities
- West: Active Bucks

**Better Pathways:**

- London East: Islington Youth Games / Tennis Tuesdays
- London West: K&C Club Programme
- North: Manchester Squash Partnership
- Northern Ireland: GLL Sport Foundation Belfast
- South West: Pre-School Swim Societies
- West: Camerton B&B 10k Races

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**SOCIAL IMPACT & PUBLIC BENEFIT (continued)**

**Library Services**

Improved performance across GLL managed libraries has been recognised through a series of notable milestones from the CIPFA 2016 National Statistics:

- Royal Borough of Greenwich libraries has the highest number of library visits (per 1,000 population) in the Country at 8,766 visits per 1,000 population.
- London Borough of Wandsworth libraries achieved the highest 'number of book issues' across London, with 1,432,685 issues in 2015/2016
- Royal Borough of Greenwich recorded the highest number of library visits within London at 2,408,866

These achievements underline the positive progress GLL has made across this important cultural service. Success has been supported by the careful redesign of library buildings and the extended availability of services, by an analytical approach to the range of books provided in each location, by investment in enhanced technology and an increase in the range of programmed activities.

**GLL Sport Foundation**

The GLL Sport Foundation is the UK's largest independent athlete support programme. Since the programme launched in 2008, 10,600 athlete awards have been provided at a total support value of £6.1 million. 90% of award recipients don't receive any other centralised support and with 75% of supported athletes aged under 21 the programme supports athletes across wide ranging Olympic, Paralympic, Deaflympic and Special Olympic sports.

**GSF KEY FACTS IN 2016:**

- £1,200,000 of support value
- 73% of supported athletes aged under 21
- 2050 individual athletes supported
- 91% of athletes receive no other centralised funding support
- 105 Olympic, Paralympic, Deaflympic and Special Olympics sporting disciplines supported

**GLL Community Foundation**

GLL's Better Communities movement supports projects which get communities moving, playing and learning together in a bid to engage with both residents and councils in the areas where we operate. GLL has taken this pioneering approach to supporting communities and conducted a very successful pilot launch in 2016.

**GCF COMMUNITY IMPACT PILOT IN 2016:**

- 6 projects supported.
- £2,500 GLL cash support.
- £4,082 GLL in kind support.
- 575 funders.
- £64,300 Cash pledged to the above projects.
- 2016 Social Return on Investment: £2.62 generated for every £1 Invested by GLL.

**Employment & Engagement**

GLL provides employment for over 12,500 people. In 2015, we achieved the Investors in People Silver award which we retained throughout 2016. Investors in People said: "Compared to many organisations we visit, GLL applies its values and social enterprise principles to its workforce in a very genuine way. There is a deep commitment to 'growing our own' managers. The workforce reflects the local community that it serves and there were many examples of people starting as frontline staff but through support and development becoming supervisors and managers, either through GLL's various schemes (e.g. the award-winning Trainee Manager scheme, GTI and Academies) or through coaching".

## **GREENWICH LEISURE LIMITED**

### **REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **SOCIAL IMPACT & PUBLIC BENEFIT (continued)**

##### **Location**

We aim to place employees in facilities near to where they live. Many of our facilities are in some of the most deprived areas in the UK such as Manchester, Belfast and Tower Hamlets in London. From available data, almost 64% of all our staff live and work in the same borough. We believe that giving employment to those from deprived areas brings greater wealth and social cohesion to those locations. Within our most deprived areas, 67% of staff live within 5 miles of their workplace in Manchester and 77% of staff live within 5 miles of their workplace in Tower Hamlets. Consequently, within the past five years, many locations where GLL operates that were in the top ten most deprived areas, have now gained significant wealth to come out of the list, most notably Hackney in London.

##### **Local partnerships**

Olympic Legacy is a key initiative for GLL and we operate two venues on the Queen Elizabeth Olympic Park. Continuing our relationship with the LLDC (London Legacy Development Corporation), we are continuously looking at further initiatives to bring even more people from the surrounding areas into employment on the Park and the wider East London region, which has traditionally been very deprived. During 2016, GLL employed 285 people on the Park, 69 of which were new appointments. We issue regular job updates to local employment brokers across London incl: Dagenham Job Shop, London Borough of Barking & Dagenham's employment broker, GLLaB (Royal Borough of Greenwich), Ways into Work (London Borough of Hackney), Workplace (London Borough of Newham), Skillsmatch (London Borough of Tower Hamlets), London Legacy Development Corporation and the Mayor's Fund for London. Our community sport teams are also encouraged to build relationships with local schools, colleges and universities for routes into employment with GLL be that via entry-level jobs, the graduate schemes or apprenticeships.

##### **Company-wide partnerships**

We recognise that different local communities often have specific characteristics and issues. We work closely with agencies/groups with local or specialist knowledge that provide direct access to those we are trying to reach. Underpinning GLL's entry-level recruitment strategy is our partnership with Jobcentre Plus (JCP), the Northern Ireland Jobcentre and our partnerships with employment brokers as mentioned above. All of our entry-level vacancies are advertised across the job centre network and we work closely with their regional representatives and account managers to ensure that they have a good understanding of our organisation and our recruitment and training needs so that they can communicate these clearly to potential applicants.

##### **Socio-demographics**

Our social ethos and charitable objectives ensure accessibility, equality and opportunity for all – and as such we are an Equal Opportunities Employer with a commitment to bringing employment to those who may otherwise be overlooked or not see a career in leisure, or indeed any career, as within their grasp. We aim for best practice and accreditation where possible. We also aim to offer long-term career development and progression by way of career paths for all our current employees as well as our Trainee Management Graduate programme which fast-tracks talented graduates to management positions. Our internal GTI (GLL Talent Initiative) scheme is available to all of our non-senior staff who wish to learn more about the business and gain skills to progress their career. 2016 saw the launch of our award-winning Supervisors (Managers) Academies. These Academies are year-long intensive schemes that incorporate a blended learning approach for aspiring managers and supervisors to give them the skills, knowledge and accredited qualifications for career advancement – this is done alongside their job role but with time off for study. In 2016, 86 people from across the organisation attended GTI schemes and mini conferences and 31 signed up for the Academies, of which 13 were promoted during the scheme which will not have been completed at the time of publication. Included in our wider recruitment remit are specific groups that we reach out to: BME, Women, Older People, Disability/Learning Difficulties, Graduates and NEETs.

##### **BME**

Policy Exchange, the UK's leading think tank, claimed the UK's BME population in 2014 to be at 14%. The ONS states unemployment amongst the BME community at 13.9% for those aged 16+. GLL has bucked this trend and hires more people from BME backgrounds than is the ratio for the UK population as a whole. We are continuing to reach out to BAME groups through specific initiatives within Partnerships with large BME populations. In 2016, in London, 41% of GLL's workforce is from a BME background, with 32% of our total UK workforce coming from BME backgrounds.



**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**SOCIAL IMPACT & PUBLIC BENEFIT (continued)**

***Gender***

GLL has been seeking to redress the balance of a male-dominated leisure industry by making our environment, recruitment attraction, behaviours and customer attraction more female-friendly. GLL's 'For the Girls' campaign, coupled with Sport England's 'This Girl Can' campaign are making the leisure and sporting environment more accessible and less intimidating places for women and girls for both exercise and work. We place more women into facilities where 'women only' fitness sessions are held for religious or cultural reasons in order to make these sessions more accessible to our customer base. Flexible working patterns and casual hours have been an effective and attractive offer for mothers returning to work and we are continuing to see an increase in the number of females that we hire across the business. Women now make up over 55% of our workforce (51% in Belfast) with over 30% (20% in Belfast) holding senior management positions.

***Older People***

We're proud to have a workforce that spans the generations and believe that keeping physically and mentally active can lead to a healthier lifestyle during advancing years as well as providing valuable experience and role model examples to our younger workforce. From the available data, in 2016, nearly 460 staff were aged 60 or over and many were still in physically active roles such as Lifeguard/Recreation Assistant or Swimming Teacher.

***Disability/Learning Difficulties***

Disabled people are underrepresented in the workforce and leisure in general. We know that people with disabilities are less likely to have formal qualifications and more likely to be unemployed. This issue has been a focus of our Workforce Equality Strategy. We've been delivering targeted programmes alongside partners with specialist knowledge and access to this group.

We work with Remploy and National Star College (a leading provider of employment services to the disabled), to not only advise us of reasonable adjustments needed for any disabled member of staff, but also to offer a work experience programme. In 2016 we took six participants with learning disabilities through the 'Steps into Work' programme providing job coaching and work experience. They gain life skills, such as improved communication and the ability to use public transport to get to work. They also develop the 'soft skills' that are so vital in the workplace, such as reliability, punctuality and a better understanding of social norms and acceptable behaviour at work. Following the programme, all students are guaranteed an interview with GLL.

We also work with an organisation called Aspire, who run the Instructability scheme for people with spinal injuries. The project helps to get disabled people into the workplace and provides them with free fitness-industry training, leading to an internationally recognised CYQ Level 2 Gym Instructor qualification. In 2016, we took 6 participants through the Instructability scheme.

As part of the Disability Agenda, GLL successfully achieved and retained the Two Tick Accreditation. This accreditation recognises employers who have taken action to meet five commitments regarding the employment, retention, training and career development of disabled employees. The two ticks logo is a recognised symbol that demonstrates that GLL are positive about, and welcome applications from disabled people. From the available data, in 2016, we employed 214 people with disabilities – 55 more than in 2015.

***Graduates***

GLL have supported the employment of graduates for over 20 years with our graduate Trainee Management (TM) scheme. We've recruited over 193 people via the TM scheme since its inception. It's a fast-track into management and offers two years of experience in core roles within GLL as well as offering training, qualifications and a salary. In 2016, there were 36 TMs on the scheme, seven more than the previous year. We also open the scheme to current employees who may not have a degree, but do have some leisure experience and the skills and ambition to get ahead. 16 of 2016's TMs were internal staff members without a degree. 29 (15%) of Trainee Managers are now working in senior management positions, with the rest working in lower-middle management positions for GLL therefore fulfilling our long-term working relationship aim.

***NEETs***

GLL is committed to offering employment opportunities into our entry-level positions to those who struggle to find employment due to a lack of work experience and/or qualifications. We offer two main routes to employment:

**GLL Apprenticeship Scheme**

GLL continued to deliver our well-established apprenticeship programmes under the following specialisms: Recreation Assistant, Multi skilled, Tennis, Fitness Instructor and Customer Service. Following a training period, apprentices combine 12 months of study alongside work – for which they are paid a full salary for the role that they are doing and not the reduced apprenticeship rate. In 2016, GLL recruited 75 new apprentices alongside the 67 already on the scheme, leading to 80 of these apprentices working for GLL that same year. Almost 70% of all new apprentice recruits in 2016 resulted in those apprentices working for GLL.

## GREENWICH LEISURE LIMITED

### REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### SOCIAL IMPACT & PUBLIC BENEFIT (continued)

##### **Current Employees**

We take our commitment to current employees very seriously and their well-being, training and development remain an area of focus for the business. In 2016, 517 staff gained new qualifications, 818 staff renewed existing qualifications and nearly 5,000 staff undertook various forms of in-house training and development. Social and team bonding events are a key fixture of the GLL year and have a direct impact on employees building strong working relationships. In 2016, 2,800 workers attended our UK-wide annual staff communications days and 1,400 staff got involved with a wide range of extra-curricular social events.

##### **Extra Curricular Engagement**

##### Sport Relief

GLL, via the Better brand, were proud to be the Health & Fitness sponsor to Sport Relief 2016. Sport Relief was a great demonstration of our staff engaging with each other and the community to host over 700 nationwide events. Thousands of GLL staff were involved in everything from fundraising and donating money to taking part in social and sporting challenges.

##### GLL's "GREEN AGENDA"

GLL takes its responsibility about the environment very seriously. To this aim, each year we strive to reduce energy consumption and our impact on the environment through investment into proven and new technologies and the adoption of best practices.

As a leading social enterprise, GLL have an active role in the challenge against climate change and we know how important it is to work with our partners to manage our impact on the environment.

Energy and water are vital for the delivery of our services and represent a significant proportion of our operating costs. Climate change, potential water shortages and rapidly rising energy costs make it even more important for us to increase our sustainability through controlling resource consumption and reducing waste.

In 2016, GLL continued our work on key environmental objectives through the delivery of our Strategic Action Plan as well as the corporate plan. The key principles of reducing carbon emissions and energy use remain core agenda items. Other actions completed in 2016 included:

- CRC Annual report completed in line with statutory requirements.
- Continued accreditation to International Environmental Standard – ISO14001:2004 at 11 GLL premises across 3 Partnerships.
- Delivery of numerous energy capital investments across the business
- Successful recertification to the Carbon Trust Standard.
- GLL now generates renewable energy from 14 sources generating 845,000kWh, enough to power a medium size leisure centre.

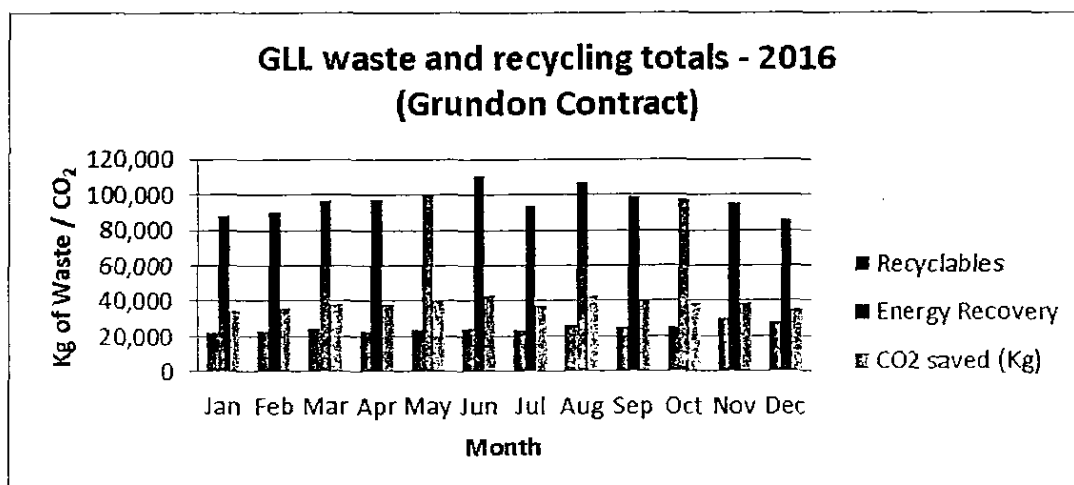
29 CHP units were active in 2016, using natural gas to generate low carbon heat and electricity locally for centres.

Grondon Waste Services and their regional partners collected general waste and recycling from over 100 GLL Leisure Centres. The key objectives and achievements in 2016 are below:

- Achieved zero waste to landfill by the end of 2016 (within Grondon Contract)
- 25% Recycling rate by weight achieved in the last quarter of 2016
- Long term goal to increase recycling to 50% by 2020
- Total of 1,464 tonnes of waste collected under the contract
- Over 303 tonnes of recycled material collected
- 466 tonnes of CO2 saved in 2016 through energy recovery

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**SOCIAL IMPACT & PUBLIC BENEFIT (continued)**



**GLL GREEN – CONTINUOUS INVESTMENT**

GLL continues to invest. For example:

As part of the partnership with the London Borough of Islington a number of energy saving projects were identified and delivered in 2016:

- Upgraded Air handling at Sobell Leisure Centre
- Full replacement of the sports hall energy efficient lighting at Sobell Leisure Centre
- Building Management System review at Ironmonger Row Baths
- High efficiency water control system at Highbury Leisure Centre
- Pool cover replacement and new teaching pool cover at Highbury Leisure Centre

Other investments highlighted for 2016 include:

- Wantage Pool & Sports Hall LED lighting replacements
- Farringdon Sports hall LED light replacement
- LED Lighting replacement at Chingford Leisure Centre
- LED Lighting installations in the Pool, Sports hall and circulations areas at Mile End Leisure Centre
- Clissold Leisure Centre Inverter replacements and LED lighting upgrades
- Heating, lighting and Ventilation upgrades as part of refurbishments at Bath Sports Centre

**Energy use in like for like centres – Year on Year**

In 2016 the utility consumption in like for like centres showed the following results against 2015:

- Gas consumption reduced by 1.8% overall, saving of 3.6m kWh.
- Electricity consumption decreased by over 2m kWh (-2.7%)
- Electricity savings exceed the GLL corporate target of an annual 2% reduction.
- Absolute Carbon Emissions increased in 2016 due to the additional size of the organisation. However in like for like premises Carbon Emissions reduced by 2.1% in 2016 achieving GLL's annual 2% target.

**Carbon Efficiency & organisational changes**

2016 brought the addition of 15 Libraries in Lincolnshire, Cardiff City Council's 8 Leisure Centres as well as 8 new community health and fitness facilities. Other new premises opened in Allerdale, Manchester, Wembley and Tower Hamlets.

Some of the additional energy use and emissions from the new premises was offset by the Westminster Partnership no longer being operated by GLL.

GLL reported the emissions from its 2 Subsidiaries (Tone Leisure Group and North Country Leisure) for the 1st time in the CRC Energy Efficiency Scheme.

## GREENWICH LEISURE LIMITED

### REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

#### SOCIAL IMPACT & PUBLIC BENEFIT (continued)

New premises increased GLL's absolute Carbon Footprint under the CRC scheme by 18% to a total reportable of over 82,000 tCO<sub>2</sub>.

April to March	2012	2013	2014	2015	2016
Total Carbon Footprint (tCO <sub>2</sub> e)	52,495	57,063	57,000	69,739	82,144
GLL Turnover (£'000's)	£109,058	£123,072	£133,357	£163,358	£226,217
Carbon Efficiency (tCO <sub>2</sub> e/£m turnover)	481	464	427.4	426.9	363.1
Cumulative Change %	-5.15	-8.64	-15.77	-15.88	-24.56

As the table above shows, although GLL's total Carbon footprint has increased in the last 5 years by approximately 56%, the efficiency of the facilities has increased when compared to turnover.

GLL's turnover has doubled over the same period equating to a 25% reduction in the amount of Carbon GLL emits per £1m of turnover.

#### **Carbon Reduction Commitment (CRC) Energy Efficiency Scheme**

GLL registered a CRC Annual footprint of 82,144tCO<sub>2</sub>e in year 6 of the scheme (2015/16) which was the third year of Phase 2.

The figure is significantly larger than previous years due to new partnerships and subsidiaries that went live over the reporting period being included in the reporting for the first time.

The allowance cost for GLL was around £1.35m showing the significant impact of the scheme.

#### **AWARDS AND RECOGNITION**

GLL continues to hold ISO14001:2004 with external audits and certification completed in July 2016.

In 2015 a new version of the Standard (ISO14001:2015) was published and GLL will be making the necessary changes to its Environmental Management System to ensure continued compliance with revised Certification happening in June 2017.



GLL also recertified to the Carbon Trust Standard in 2016 for the 4th consecutive time (2010, 2012, 2014 and 2016). The latest award was in recognition of an 11.3% relative reduction in our Carbon footprint measured against GLL's turnover - also known as "Emissions Intensity".

#### LOOKING TO THE FUTURE and DELIVERING OUR AMBITION

As a charitable social enterprise, GLL's social responsibility is central to each part of our business.

Everything we do is designed to 'add value' and improve the lives and health of the communities we serve. It is important for us therefore that the public understand the difference between GLL and some other types of providers and we will work hard to demonstrate this difference in all we do.

#### **Our vision is to be recognised as:**

- The Country's leading inclusive sport, leisure and physical activity health provider
- The Country's leading social enterprise provider of library and cultural services
- The Country's leading leisure & cultural service social enterprise through our delivery of social and environmental values and ethics
- The service provider of choice for our service partners, customers and communities
- A service provider that will consider further social enterprise opportunities and service sectors that will benefit our aims and social impact

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**LOOKING TO THE FUTURE and DELIVERING OUR AMBITION - continued**

We will continue to work tirelessly to promote and protect the reputation and standards of genuine charitable and social organisations within our sector and co-operatively work with others on this agenda.

In 2017 GLL will continue to expand our services and partnerships across the UK. 2017 will see the commencement of new services in Wales, Cornwall, Preston and the West Midlands. Significant strategic moves are planned to complete key mergers with other social enterprises to strengthen our presence and delivery across UK regions.

We will also continue to look to diversify services and interests in 2017, across expanded services, partnerships and long term assets.

We will continue to look at innovation and new products within our sector and services to improve the efficiency, effectiveness and accessibility of our offer. This will be increasingly important as we face continued economic pressure on customer spend and local authority funding for public services.

In response to the significant reduction in public service funding for leisure and cultural services, we will undertake a 2017 review of our cost base and structures.

*As part of our commitment to the development and learning agendas for our employees, GLL plan to launch new vocational training college partnerships in 2017 and integration of learning & development with career frameworks aligned with our Chartered Institute for Sport & Physical Activity.*

GLL is a registered training provider for the DFE and Skills Funding Agency with Main Provider Status for Apprenticeships. This is part of our corporate strategy to deliver expanding Apprenticeship opportunities and development during 2017.

**REPORT OF THE COMMITTEE OF MANAGEMENT INCLUDING STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**STATEMENT OF COMMITTEE OF MANAGEMENT'S RESPONSIBILITIES**

The Committee of Management are responsible for preparing the Report of the Committee of Management incorporating a Strategic Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS102 (the financial reporting standard applicable in the UK and R.O.I).

Society law requires the Committee of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the incoming resources and application of resources, including the income and expenditure, of the Society for that period. In preparing these financial statements, the management board are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and the principles in the Charities SORP 2015 (FRS 102)
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Committee of Management are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Committee of Management are aware at the time of approving the Report of the Committee of Management, there is no relevant information (as defined by the Co-operative and Community Benefit Societies Act 2014) of which the Society's auditors are unaware, and each committee member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself or herself aware of any audit information and to establish that the Society's auditors are aware of that information.

Committee of Management report, incorporating a strategic report, approved by order of the committee members, on 9 June 2017 and signed on the Committee of Management's behalf by:



J M Sesnan – Committee Member



S Ward – Committee Member

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

We have audited the Group and the Society financial statements of Greenwich Leisure Limited for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Society Balance Sheet, Consolidated Cash Flow Statement 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), including FRS 102 (the financial reporting standard applicable in the UK and R.O.I).

This report is made solely to the Society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society'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 Committee of Management's Responsibilities set out on page twenty, the Committee of Management 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Society's affairs as at 31 December 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 properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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

We have nothing to report in respect of the following matters where Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.



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

Date: 9 June 2017

**GREENWICH LEISURE LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Notes	31.12.16 Unrestricted Funds £	31.12.16 Restricted Funds £	31.12.16 FRS 102 s.28 Adjustment Unrestricted £	31.12.16 Total Funds £	31.12.15 Unrestricted Funds £	31.12.15 Restricted Funds £	31.12.15 FRS 102 s.28 Adjustment Unrestricted £	31.12.15 Total Funds £
<b>INCOME</b>								
Donations and legacies	-	-	-	-	425,587	-	-	425,587
<b>Income from charitable activities</b>								
Operation of leisure, recreation sites and health activities	242,480,970	128,079	-	242,609,049	225,036,155	155,568	-	225,191,723
<b>Income from other trading activities</b>								
Commercial trading operations	3,188,538	-	-	3,188,538	409,581	-	-	409,581
Investment income	170,225	-	-	170,225	190,693	-	-	190,693
<b>Total income</b>	<b>245,839,733</b>	<b>128,079</b>	<b>-</b>	<b>245,967,812</b>	<b>226,062,016</b>	<b>155,568</b>	<b>-</b>	<b>226,217,584</b>
<b>EXPENDITURE ON</b>								
<b>Costs of raising funds</b>								
Investment management costs	24,714	-	-	24,714	24,091	-	-	24,091
Commercial trading operations	2,994,762	-	-	2,994,762	317,492	-	-	317,492
<b>Charitable activities</b>								
Operation of leisure, recreation sites and health activities	240,878,132	47,706	(311,000)	240,614,838	221,366,733	263,574	1,978,000	223,608,307
Losses on acquisitions	-	-	-	-	(2,763,709)	(350,019)	4,756,000	1,642,272
<b>Other expenditure</b>	<b>261,407</b>	<b>25,800</b>	<b>-</b>	<b>287,207</b>	<b>261,407</b>	<b>25,800</b>	<b>-</b>	<b>287,207</b>
<b>Total expenditure</b>	<b>244,159,015</b>	<b>73,506</b>	<b>(311,000)</b>	<b>243,921,521</b>	<b>219,206,014</b>	<b>(60,645)</b>	<b>6,734,000</b>	<b>225,879,369</b>
<b>Net income/(expenditure) for the year before other recognised gains and losses</b>	<b>1,680,718</b>	<b>54,573</b>	<b>311,000</b>	<b>2,046,291</b>	<b>6,856,002</b>	<b>216,213</b>	<b>(6,734,000)</b>	<b>338,215</b>

The notes form part of these financial statements



**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

Notes	31.12.16 Unrestricted Funds £	31.12.16 Restricted Funds £	31.12.16 FRS 102 s.28 Adjustment Unrestricted £	31.12.16 Total Funds £	31.12.15 Unrestricted Funds £	31.12.15 Restricted Funds £	31.12.15 FRS 102 s.28 Adjustment Unrestricted £	31.12.15 Total Funds £
<b>Net income(expenditure) for the year before other recognised gains and losses</b>	1,680,718	54,573	311,000	2,046,291	6,856,002	216,213	(6,734,000)	338,215
<b>Transfers between funds</b>	(1,772)	1,772	-	-	657	(657)	-	-
Remeasurement gains/(losses) on defined benefit schemes	-	-	(23,310,000)	(23,310,000)	-	-	6,553,000	6,553,000
Inherited pension deficit on new contract	-	-	-	-	-	-	(1,516,000)	(1,516,000)
<b>Net movement in funds</b>	1,678,946	56,345	(22,999,000)	(21,263,709)	6,856,659	215,556	(1,697,000)	5,375,215
Shares issued	14,150	-	-	14,150	7,725	-	-	7,725
Shares cancelled	(11,800)	-	-	(11,800)	(4,225)	-	-	(4,225)
<b>RECONCILIATION OF FUNDS</b>								
<b>Total funds brought forward</b>	32,623,826	314,456	(22,150,000)	10,788,282	25,763,667	98,900	(20,453,000)	5,409,567
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>34,305,122</u>	<u>370,801</u>	<u>(45,149,000)</u>	<u>(10,473,077)</u>	<u>32,623,826</u>	<u>314,456</u>	<u>(22,150,000)</u>	<u>10,788,282</u>

The consolidated statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure arises from acquired and continuing activities.

**GREENWICH LEISURE LIMITED**

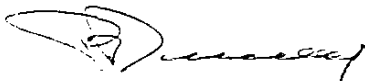
**CONSOLIDATED BALANCE SHEET  
AT 31 DECEMBER 2016**

		31.12.16 Total Funds £	31.12.16 Total Funds £	31.12.15 Total Funds £	31.12.15 Total Funds £
	Notes				
<b>FIXED ASSETS</b>					
Intangible assets	16		423,572		536,447
Tangible assets	17		57,230,641		39,273,252
Investments	18		12		12
Investment property	19		1,200,869		1,162,038
			58,855,094		40,971,749
<b>CURRENT ASSETS</b>					
Stocks	20	520,753		353,236	
Debtors: amounts falling due within one year	21	29,809,897		26,738,486	
Debtors: amounts falling after more than one year	21	7,573,816		8,202,945	
Cash at bank and in hand		21,597,312		22,966,943	
		59,501,778		58,261,610	
<b>CREDITORS</b>					
Amounts falling due within one year	22	(57,285,266)		(51,152,340)	
<b>NET CURRENT ASSETS</b>			2,216,512		7,109,270
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			61,071,606		48,081,019
<b>CREDITORS</b>					
Amounts falling due after more than one year	23		(26,395,683)		(15,142,737)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			34,675,923		32,938,282
<b>PENSION LIABILITY</b>	27		45,149,000		22,150,000
<b>FUNDS</b>					
Unrestricted funds			(10,886,303)		10,433,751
Restricted funds			370,801		314,456
Share capital	29		42,425		40,075
<b>TOTAL FUNDS</b>	30		(10,473,077)		10,788,282
			34,675,923		32,938,282

The financial statements were approved by the Committee of Management on 9 June 2017 and were signed on its behalf by:

  
J M Sesnan – Committee Member

  
S Ward – Committee Member

  
P Donnay – Secretary

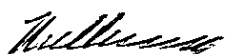
Society Registered Number: IP27793R

The notes form part of these financial statements

**SOCIETY BALANCE SHEET**  
**AT 31 DECEMBER 2016**

		31.12.16 Total Funds £	31.12.16 Total Funds £	31.12.15 Total Funds £	31.12.15 Total Funds £
	Notes				
<b>FIXED ASSETS</b>					
Intangible assets	16		423,572		536,447
Tangible assets	17		46,635,781		31,747,080
Investments	18		3,669,885		12
Investment property	19		1,200,869		1,162,038
			51,930,107		33,445,577
<b>CURRENT ASSETS</b>					
Stocks	20	394,850		278,044	
Debtors: amounts falling due within one year	21	31,612,515		27,083,279	
Debtors: amounts falling due after more than one year	21	7,573,816		8,202,945	
Cash at bank and in hand		19,739,781		21,770,337	
		59,320,962		57,334,605	
<b>CREDITORS</b>					
Amounts falling due within one year	22	(53,753,450)		(48,780,446)	
<b>NET CURRENT ASSETS</b>			5,567,512		8,554,159
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			57,497,619		41,999,736
<b>CREDITORS</b>					
Amounts falling due after more than one year	23		(23,030,671)		(11,327,548)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			34,466,948		30,672,188
<b>PENSION LIABILITY</b>	27		40,157,000		19,738,000
<b>FUNDS</b>					
Unrestricted funds			(5,873,199)		10,821,013
Restricted funds			140,722		73,100
Share capital	29		42,425		40,075
<b>TOTAL FUNDS</b>	30		(5,690,052)		10,934,188
			34,466,948		30,672,188

The financial statements were approved by the Committee of Management on 9 June 2017 and were signed on its behalf by:



J M Sesnan – Committee Member



S Ward – Committee Member



P Donnay – Secretary

Society Registered Number: IP27793R

The notes form part of these financial statements

**GREENWICH LEISURE LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	31.12.16 £	31.12.15 £
<b>Cash flows from operating activities</b>	<b>1</b>	<b><u>12,614,253</u></b>	<b><u>12,543,316</u></b>
<b>Cash flows from investing activities</b>			
Interest		(595,348)	(434,026)
Rent		35,642	29,978
Cash balances acquired with subsidiary			658,641
Sale of fixed assets		297,819	215,761
Purchase of investments		(3,669,873)	(1)
Other business combinations		(9,689,360)	-
Purchase of tangible fixed assets		(11,790,989)	(11,030,202)
Purchase/additions to investment property		(38,831)	(164,348)
<b>Cash used on investing activities</b>		<b><u>(25,450,940)</u></b>	<b><u>(10,724,197)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of borrowing		(535,294)	(449,381)
New loans issued		12,000,000	909,895
Share issue		14,150	7,725
Shares cancelled		(11,800)	(4,225)
<b>Cash used in financing activities</b>		<b><u>11,467,056</u></b>	<b><u>464,014</u></b>
<i>(Decrease)/increase in cash and cash equivalents in the year</i>		<b><u>(1,369,631)</u></b>	<b><u>2,283,133</u></b>
Cash and cash equivalents at the beginning of the year		22,966,943	20,683,810
<b>Total cash and cash equivalents at the end of the year</b>		<b><u>21,597,312</u></b>	<b><u>22,966,943</u></b>

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.12.16	31.12.15
	£	£
Net incoming resources before other recognised gains and losses	2,046,291	338,215
Assets acquired in respect of business combination (see note 36)	-	1,642,272
Amortisation of goodwill	112,876	115,539
Depreciation charges	8,115,532	6,887,614
Deficit on disposal of fixed assets	(141,586)	23,393
Deficit on disposal of investments	-	1,000
Interest received	(109,869)	(136,624)
Interest paid	705,217	570,650
Rents received	(60,356)	(54,069)
Rental expenses paid	24,714	24,091
Movement in provisions	-	-
Increase in stocks	(144,418)	(92,133)
(Increase)/decrease in debtors	(1,856,315)	(7,188,282)
Increase in creditors	4,233,167	8,433,650
Interest cost on defined benefit pension scheme	3,746,000	3,434,000
Expected return on defined benefit pension scheme	(2,904,000)	(2,525,000)
Pension deficit taken on new contract	-	(1,516,000)
Administrative expenses	76,000	77,000
Difference between pension charge and cash contributions	(1,229,000)	2,508,000
<b>Net cash inflow from operating activities</b>	<b><u>12,614,253</u></b>	<b><u>12,543,316</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES**

**Society status**

GLL is a registered Society under the Co-operative and Community Benefit Societies Act 2014 and is incorporated in the United Kingdom.

**Basis of preparing the financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 August 2014) and the Co-operative and Community Benefit Societies Act 2014.

Greenwich Leisure Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

**Going concern**

The Group meets its day to day working capital requirements through income generated. The Group has adequate financial resources together with customers and strategic parties to continue trading at current levels. As a consequence the Management Committee believe that the Group is well placed to manage its business risks successfully. The Management Committee are satisfied that the Group will be able to meet all its obligations as and when they fall due. The Management Committee have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they consider it appropriate to continue to prepare the financial statements on a going concern basis.

**Group financial statements**

The financial statements consolidate the results of the Society and its subsidiaries: GLL (Trading) Limited, Tone Leisure Group Limited, North Country Leisure Limited, Gosling Leisure Limited and Fitspace Limited, on a line by line basis. Although a separate Statement of Financial Activities and Income and Expenditure Account is not required for the Society itself, it has none the less been included as an appendix.

**Fund accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Society and which have not been designated for other purposes.

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Society for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund, where relevant, is set out in the notes to the financial statements.

**Income**

All incoming resources from recreation, leisure sites and health activities are included on the Statement of Financial Activities when the Society is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Monthly direct debit subscriptions are recognised on the first day of the period in which they are paid.

Income represents net sales of goods and services and management fees excluding value added tax, to customers during the year.

Under certain contracts that the Society has entered into, the Society is entitled to management fees. As part of the agreements the Society agrees to undertake improvements to facilities. The management fees agreed reflect the level of investment that is to be undertaken and the anticipated increase in the operating results of the facility once the improvements have been completed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES – continued**

**Income (continued)**

*Management fees are often paid in equal instalments over the life of the contract. However the Society recognises the management fee in accordance with the expected profile of the operating results and contracted lifecycle maintenance.*

Restricted income is included when the Society is legally entitled to the income and the amount can be quantified with reasonable accuracy.

**Grants/Other funding**

Grants receivable in respect of a specified period relating to the general activities of the Society are recognised in the Statement of Financial Activities in the period in which they become receivable. Where related expenditure has not been incurred the grant is deferred only when the donor has imposed restrictions on the expenditure of resources which amount to pre-conditions for use.

**Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Resources expended include attributable VAT which cannot be recovered.

**Support costs allocation**

Support costs are those that assist the work of the Society but do not directly represent charitable activities. They are incurred directly in support of expenditure on the objects of the Society. Where support costs cannot be directly attributed to particular headings they have been allocated to expenditure on charitable activities on a basis consistent with use of the resources.

**Taxation**

The Society is exempt from corporation tax on its charitable activities. Where the Society conducts trading activities corporation tax is charged on the profits arising from these activities.

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of the acquired business at the date of acquisition. Goodwill arising from such acquisitions is included in intangible assets. The goodwill is then amortised over its expected useful life. Goodwill is tested for impairment at the end of the first full financial year after acquisition and then if events or changes in circumstances indicate that carrying values may not be recoverable. Any impairment is recognised immediately in the statement of financial activities. Subsequent reversals of impairment losses for goodwill are not recognised. This does not apply for the acquisition of subsidiaries, which are treated as business combinations.

**Tangible fixed assets**

Fixed assets are shown in the financial statements at cost including irrecoverable VAT in respect of these assets. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land and buildings	-straight line over 50 years or over the lease term, whichever is shorter
Plant	-straight line over up to 10 years
Improvements to property	-straight line over up to 10 years. Where a contract expires in less than 10 years and there is not an ability to pass the unamortised costs back to the Council or another operator, costs are to be depreciated over the remaining periods in the contract.
Equipment, fixtures and fittings	-straight line over 4 years. Where a contract expires in less than 4 years and there is not an ability to sell on or remove the plant or machinery at the end of the contract, costs are depreciated over the remaining periods in the contract.
Motor vehicles	-straight line over 4 years

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES – continued**

**Pensions**

The Society operates pension schemes providing benefits based on final pensionable pay and career average related earnings. Contributions to the defined benefits scheme are charged to the Statement of Financial Activities in order to allocate the cost of providing the pensions, recognising any actuarial surplus or deficiency (where appropriate) over the working lives of the relevant employees as assessed in accordance with the advice of professionally qualified actuaries. The assets of the scheme are held separately in an independently administered fund.

In respect of those defined benefit pension schemes where the local authority has indemnified the Society against changes in the employer contribution rate and any liability which may become payable as a result of the termination or expiry of a contract, the amount charged to the Statement of Financial Activities represents the contribution payable to the scheme in the accounting period without any actuarial adjustment.

Contributions to defined contribution pension schemes are charged to the Statement of Financial Activities as incurred.

**Business combinations**

Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method of accounting. The acquired identifiable assets and liabilities are measured at their fair values at the date of the acquisition. Where control of an entity has been transferred to the Society, the difference between the consideration and the fair value of the assets or liabilities is treated as a donation or an expense as appropriate.

**Service Concession Arrangements**

The Society has Service Contracts with Local Authorities for the maintenance and operation of leisure centres and libraries owned by the respective Authorities to which it has lease and management service contracts. The Authorities have rights under the contracts to specify the activities offered by the centres and have influence over the prices charged for them and also may have certain exclusive rights for the use of the centres at certain times. The contracts specify minimum standards for the services to be provided, with deductions from the service management fee payable being made if facilities are unavailable or performance is below the minimum standards.

*Property, plant and equipment*

The buildings and plant at the centres are leased to the Society as part of the overall contractual relationship with the respective Authorities but the Authorities maintain ultimate control of these assets. Accordingly the access which the Society has in the use of these assets is to enable it to operate the leisure centres, so that the Society can provide the public service it is contracted to provide, not to effectively own these public service assets. These assets are therefore not recognised on the Society's Balance Sheet.

*Receipts*

The Society, in some cases, receives an agreed payment from the Authorities each year which may in certain cases be adjusted each year by inflation and can be reduced if the Society fails to meet availability and performance standards in any year but which is otherwise fixed.

In cases where the receipt from the Authority includes funding for specific works to be carried out in accordance with specifications laid down in the contract but which has not been spent at the year end a provision is included in the financial statements to reflect this.

**Stocks**

Stocks consist of purchased goods for resale and are valued at the lower of cost and net realisable value, on a first-in-first-out basis, after making due allowance for obsolete and slow moving items.

**Investment property**

Investment properties, which comprise holiday lets, are shown at the most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to the Income and Expenditure account.

In accordance with FRS102 the properties are not depreciated and are valued at fair value at the reporting date by the directors.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**Provisions**

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to meet the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect the known circumstances relating to the liability.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Society or a present obligation which cannot be reliably estimated. Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

**Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the Statement of Financial Activities.

**Leases**

Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future finance charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

**Social Bond**

The social bond has been stated at the amount of its net proceeds. Net proceeds are the fair value of the consideration received in respect of the bond after the deduction of issue costs.

The issue costs are recognised in the Statement of Financial Activities at a constant rate on the carrying amount of the bond.

**Debtors receivable and creditors payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

**Debtors receivable and creditors payable over one year**

Debtors and creditors are stated at value due as an appropriate interest/discount rate is effectively applied.

**Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Society's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management consider the following to be key sources of estimation uncertainty which would have a significant effect on the amounts recognised in the financial statements:

A number of actuarial assumptions are used to quantify the Group's pension liability in respect of defined benefit pension schemes. Further information concerning these assumptions can be found in note 27.

The Society in recognising some management fee income does so in accordance with an expected profile of operating results, the amounts recognised in advance are included in the accounts as debtors due greater than one year.

**GREENWICH LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016****2. FINANCIAL ACTIVITIES OF THE SOCIETY**

The financial activities shown in the Group Statement of Financial Activities include those of the Society's subsidiaries : GLL (Trading) Limited, Tone Leisure Group Limited, North Country Leisure Limited, Gosling Leisure Limited and Fitspace Limited.

A summary of the financial activities undertaken by the Society is set out below:

	31.12.16 £	31.12.15 £
Gross incoming resources	224,689,341	215,255,375
Investment management costs	(24,714)	(24,091)
Total expenditure on charitable activities	(221,702,889)	(213,130,518)
(Gains)/Losses on settlements	-	-
Bad debt write back/(provision) on subsidiary's profit/(loss) for the year	-	-
Governance costs	(82,121)	(75,438)
Other resources expended	(287,207)	(287,207)
Net incoming resources	2,592,410	1,738,121
Actuarial (loss)/gain on defined benefit pension scheme	(19,219,000)	3,783,000
	<u>(16,626,590)</u>	<u>5,521,121</u>

**3. INCOME**

	31.12.16 £	31.12.15 £
Donations as a result of business combinations	-	425,587
	<u>-</u>	<u>425,587</u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

	31.12.16 £	31.12.15 £
Operation of leisure, recreation sites and health activities	209,862,130	188,362,714
Management fees	31,128,586	34,941,439
Other funding	<u>1,618,333</u>	<u>1,887,570</u>
	<u>242,609,049</u>	<u>225,191,723</u>

**5. INCOME FROM OTHER TRADING ACTIVITIES – COMMERCIAL TRADING OPERATIONS**

A summary of the trading results of the Group is shown below (this represents the results of GLL (Trading) Limited, North Country Leisure (Trading) Limited and Gosling Leisure Limited for the period):

	31.12.16 £	31.12.15 £
Turnover	3,188,538	409,581
Cost of sales and administration costs	(2,994,762)	(317,492)
Net profit	<u>193,776</u>	<u>92,089</u>

**6. INVESTMENT INCOME**

	31.12.16 £	31.12.15 £
Interest received	109,869	136,624
Rent	<u>60,356</u>	<u>54,069</u>
	<u>170,225</u>	<u>190,693</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**7. COSTS OF GENERATING FUNDS**

	31.12.16	31.12.15
	£	£
Insurance	2,914	2,763
Rates and water	1,211	1,498
Light and heat	5,454	4,339
Equipment purchases	429	278
Legal fees	2,977	1,691
Site services	9,781	12,151
Other expenses	1,948	1,371
	<u>24,714</u>	<u>24,091</u>

The above are costs incurred in relation to management and maintenance of the Society's investment properties.

**8. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES EXPENSES**

	Direct Costs	Support Costs (see note 9)	31.12.16 Total Charitable Activities	31.12.15 Total Charitable Activities
	£	£	£	£
Leisure, recreation and health activities	<u>228,012,224</u>	<u>12,602,614</u>	<u>240,614,838</u>	<u>223,608,307</u>

**9. SUPPORT COSTS**

Support costs, included in the above, are as follows:

	31.12.16 Operation of leisure, recreation sites and health activities £	31.12.15 Operation of leisure, recreation sites and health activities £
Wages	5,954,082	5,959,424
Premises expenses	5,562,379	4,801,108
Motor and travel	225,892	282,690
Overheads	752,306	514,143
Governance costs (note 10)	107,955	75,438
	<u>12,602,614</u>	<u>11,632,803</u>

**10. GOVERNANCE COSTS**

	31.12.16 £	31.12.15 £
Auditors' remuneration	58,955	48,900
Auditors' remuneration for non-audit work	20,000	17,038
Auditors' remuneration for audit of subsidiary accounts	29,000	10,000
Overprovision previous year	-	(500)
	<u>107,955</u>	<u>75,438</u>

**GREENWICH LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016****11. OTHER RESOURCES EXPENDED**

	31.12.16	31.12.15
	£	£
Social Bond issue costs	37,207	37,207
Social Bond interest payable	<u>250,000</u>	<u>250,000</u>
	<u>287,207</u>	<u>287,207</u>

**12. NET INCOMING/(OUTGOING) RESOURCES**

Net resources are stated after charging/(crediting):

	31.12.16	31.12.15
	£	£
Auditors' remuneration	87,955	58,900
Auditors' remuneration for non-audit work	20,000	17,038
Depreciation - owned assets	8,008,783	6,725,294
Depreciation - assets held under finance lease or hire purchase	106,749	162,320
Hire of plant and machinery	1,655,837	1,795,655
(Surplus)/deficit on disposal of fixed asset	(141,586)	23,393
Goodwill amortisation	<u>112,876</u>	<u>115,539</u>

**13. COMMITTEE MEMBERS' EMOLUMENTS**

	31.12.16	31.12.15
	£	£
Committee members' emoluments	924,340	956,432

The number of committee members to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>12</u>	<u>12</u>
-------------------------	-----------	-----------

The emoluments paid to committee members including the chairman and the highest paid member refer to salaries and benefits in kind paid for employment with the Society. For full details see note 14 below. Committee members do not receive any remuneration in respect of their position as charity trustees.

The value of the committee members' remuneration was as follows:

	31.12.16	31.12.15
	£	£
J M Sesnan	203,644	193,971
S Ward	108,921	103,597
A Ritchie	45,382	44,721
C Hebblewhite (resigned on 27 June 2016)	47,978	80,855
G Kirk	84,959	83,436
L Smith	36,980	36,182
J Rham	65,509	57,185
S Wright	52,422	47,894
M Perren	59,789	54,069
E Norsworthy	36,359	29,308
E Anderson	40,735	40,637
S Hannen (appointed on 27 June 2016)	25,145	-

**Trustees' Expenses**

During the year, reimbursed expenses amounting to £1,014 (2015: £82) were paid to Trustees.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**13. COMMITTEE MEMBERS' EMOLUMENTS - continued**

The total amount of employee benefits received by key management personnel is £891,815 (2015: £848,277). The Society considers its key management personnel comprises of the directors of the Society.

**14. STAFF COSTS**

	31.12.16 £	31.12.15 £
Wages and salaries (including social security and pension costs)	134,281,004	118,488,995
Defined benefit difference between service charge and contributions paid	<u>(1,229,000)</u>	<u>992,000</u>
	<u>133,052,004</u>	<u>119,480,995</u>

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

	31.12.16	31.12.15
	<u>8,203</u>	<u>8,292</u>

The number of employees whose emoluments fell within the following bands was:

	31.12.16	31.12.15
£60,000 - £70,000	12	10
£70,001 - £80,000	6	9
£80,001 - £90,000	5	4
£90,001 - £100,000	1	1
£100,001- £110,000	1	2
£110,001- £120,000	3	1
£120,001- £130,000	-	4
£130,001- £140,000	4	1
£190,001- £200,000	1	1
£200,001- £210,000	1	-

The number of employees earning in excess of £60,000 (for the year) to whom retirement benefits are accruing:

	31.12.16	31.12.15
	35	33

**15. TAXATION**

The society is defined for tax purposes as a charitable organisation and accordingly no liability to UK corporation tax has arisen on the surplus for the current year (2015: £Nil).

**GREENWICH LEISURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**16. INTANGIBLE FIXED ASSETS**

**Group and Society**

	Goodwill £
<b>COST</b>	
At 1 January 2016 and 31 December 2016	<u>950,129</u>
<b>AMORTISATION</b>	
At 1 January 2016	413,681
Charge for year	<u>112,876</u>
At 31 December 2016	<u>526,557</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>423,572</u>
At 31 December 2015	<u>536,448</u>

**17. TANGIBLE FIXED ASSETS**

**Group**

	Freehold/ Leasehold property £	Leasehold improvements £	Equipment £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2016	12,868,341	33,029,892	35,255,130	942,689	82,096,052
Additions	14,642,226	4,396,881	6,834,749	355,299	26,229,155
Disposals	<u>-</u>	<u>(465,921)</u>	<u>(465,459)</u>	<u>(325,935)</u>	<u>(1,257,315)</u>
At 31 December 2016	<u>27,510,567</u>	<u>36,960,852</u>	<u>41,624,420</u>	<u>972,053</u>	<u>107,067,892</u>
<b>DEPRECIATION</b>					
At 1 January 2016	899,854	16,766,016	24,853,368	303,562	42,822,800
Charge for year	341,399	3,165,504	4,380,799	227,830	8,115,532
Eliminated on disposal	<u>-</u>	<u>(465,921)</u>	<u>(453,428)</u>	<u>(181,732)</u>	<u>(1,101,081)</u>
At 31 December 2016	<u>1,241,253</u>	<u>19,465,599</u>	<u>28,780,739</u>	<u>349,660</u>	<u>49,837,251</u>
<b>NET BOOK VALUE</b>					
At 31 December 2016	<u>26,269,314</u>	<u>17,495,253</u>	<u>12,843,681</u>	<u>622,393</u>	<u>57,230,641</u>
At 31 December 2015	<u>11,968,487</u>	<u>16,263,876</u>	<u>10,401,762</u>	<u>639,127</u>	<u>39,273,252</u>

Included above are assets with a net book value of £409,577 (2015: £570,219) held under finance leases or hire purchase contracts.

Freehold/leasehold property includes freehold properties with a net book value of £17,787,880 (2015: £7,888,839).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**17. TANGIBLE FIXED ASSETS - CONTINUED****Society**

	Freehold/ Leasehold property £	Improvements to property £	Equipment £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2016	11,093,762	29,956,866	32,119,759	942,689	74,113,076
Additions	11,069,692	4,321,902	6,538,869	355,299	22,285,762
Disposals	-	-	-	(325,935)	(325,935)
At 31 December 2016	<u>22,163,454</u>	<u>34,278,768</u>	<u>38,658,628</u>	<u>972,053</u>	<u>96,072,903</u>
<b>DEPRECIATION</b>					
At 1 January 2016	871,454	16,623,337	24,567,643	303,562	42,365,996
Charge for year	285,468	2,961,133	3,778,427	227,830	7,252,858
Eliminated on disposal	-	-	-	(181,732)	(181,732)
At 31 December 2016	<u>1,156,922</u>	<u>19,584,470</u>	<u>28,346,070</u>	<u>349,660</u>	<u>49,437,122</u>
<b>NET BOOK VALUE</b>					
At 31 December 2016	<u>21,006,532</u>	<u>14,694,298</u>	<u>10,312,558</u>	<u>622,393</u>	<u>46,635,781</u>
At 31 December 2015	<u>10,222,308</u>	<u>13,333,529</u>	<u>7,552,116</u>	<u>639,127</u>	<u>31,747,080</u>

Freehold/leasehold property includes freehold properties with a net book value of £13,772,360 (2015: £7,415,772).

**18. FIXED ASSET INVESTMENTS****Group**

	Shares in group undertakings £	Unlisted investments £	Totals £
<b>COST</b>			
At 1 January 2016 and 31 December 2016	<u>11</u>	<u>1</u>	<u>12</u>
<b>NET BOOK VALUE</b>			
At 31 December 2016 and 31 December 2015	<u>11</u>	<u>1</u>	<u>12</u>

**Society**

	Shares in group undertakings £	Unlisted investments £	Totals £
<b>COST</b>			
At 1 January 2016	11	1	12
Additions	<u>3,669,873</u>	<u>-</u>	<u>3,669,873</u>
At 31 December 2016	<u>3,669,884</u>	<u>1</u>	<u>3,669,885</u>
<b>NET BOOK VALUE</b>			
At 31 December 2016	<u>3,669,884</u>	<u>1</u>	<u>3,669,885</u>
At 31 December 2015	<u>11</u>	<u>1</u>	<u>12</u>

There were no investment assets outside the UK.

**GREENWICH LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016****18. FIXED ASSET INVESTMENTS - continued**

The Society's investments at the balance sheet date in the share capital of companies include the following:

**Leisure Partners Limited (Company number 07259179)**

Nature of business: Dormant

	% holding		
Class of shares:			
Ordinary	100.00		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		<u>10</u>	<u>10</u>

**Woolwich Phase 5 Management Company Limited (Company number 06292797)**

Nature of business: Management Company

	% holding		
Class of shares:			
Ordinary	14.29		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

**GLL (Trading) Limited (Company number 04234158)**

Nature of business: Non charitable trading

	% holding		
Class of shares:			
Ordinary	100.00		
		31.12.16	31.12.15
		£	£
Income		2,282,963	-
Expenditure		(2,282,963)	-
Profit for the period		-	-
Aggregate capital and reserves		<u>1</u>	<u>1</u>

**Tone Leisure Group Limited (Company number 05857912)**

Nature of business: Holding Company

	% holding		
Class of shares:			
Limited by guarantee	100.00		
		31.12.16	31.12.15
		£	£
Income		30	-
Expenditure		(528)	(2,273)
Surplus/(deficit) for the period		(498)	(2,273)
Aggregate funds		<u>15,409</u>	<u>15,907</u>

**Tone Leisure (South Hams) Limited (Company number 05944280, Charity number 1119626)**

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by guarantee	100.00		
		31.12.16	31.12.15
		£	£
Income		2,566,391	1,656,812
Expenditure		(2,452,249)	(1,627,132)
Surplus for the year excluding remeasurements on defined benefit pension scheme		114,142	29,680
Aggregate funds		<u>302,710</u>	<u>347,998</u>



**GREENWICH LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016****18. FIXED ASSET INVESTMENTS - continued****Tone Leisure (Taunton Deane) Limited (Company number 04983733, Charity number 1110756)**

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by guarantee	100.00		
		31.12.16	31.12.15
		£	£
Income		5,856,414	3,236,227
Expenditure		(5,686,770)	(3,092,398)
Surplus for the year excluding remeasurements on defined benefit pension scheme		169,644	143,829
Aggregate funds		<u>(2,362,295)</u>	<u>(748,009)</u>

**Gosling Leisure Limited (Company number 02880581)**

Nature of business: Management of leisure services

	% holding	
Class of shares:		
Limited by guarantee	100.00	
		31.12.16
		£
Income		193,468
Expenditure		206,541
Loss for the period		(13,073)
Aggregate funds		<u>3,647,933</u>

**Fitspace Limited (Company number 05712720) – Audit exemption has been claimed in respect of the entity's individual accounts in accordance with section 479A of the Companies Act 2006. Greenwich Leisure Limited has guaranteed all of the liabilities of the company.**

Nature of business: Management of leisure services

	% holding	
Class of shares:		
Limited by guarantee	100.00	
		31.12.16
		£
Aggregate funds		6,886,045
Surplus for the period		<u>-</u>

**The Training Room Health and Fitness Limited (Company number 04727904) – Audit exemption has been claimed in respect of the entity's individual accounts in accordance with section 479A of the Companies Act 2006. Greenwich Leisure Limited has guaranteed all of the liabilities of the company.**

Nature of business: Management of leisure services

	% holding	
Class of shares:		
Limited by guarantee	100.00	
		31.12.16
		£
Aggregate funds		(6,664,678)
Surplus for the period (realisation of revaluation of assets)		<u>789,133</u>

**GREENWICH LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016****18. FIXED ASSET INVESTMENTS - continued****North Country Leisure Limited (Company number 03683103, Charity number 1075009)**

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by guarantee	100.00		
		31.12.16	31.12.15
		£	£
Income		10,104,804	5,801,880
Expenditure		(12,403,809)	(6,923,884)
Deficit for the year excluding remeasurements on defined benefit pension scheme		(2,299,005)	(1,122,004)
Aggregate funds		<u>(2,075,380)</u>	<u>223,625</u>

**North Country Leisure Trading Limited (Company number 03660222)**

Nature of business: Management of leisure services

	% holding		
Class of shares:			
Limited by guarantee	100.00		
		31.12.16	31.12.15
		£	£
Income		825,495	409,581
Expenditure		834,014	(409,581)
Loss for the period		(8,519)	-
Aggregate funds		<u>6,053</u>	<u>14,572</u>

**19. INVESTMENT PROPERTY**

Group and Society	Total £
<b>COST</b>	
At 1 January 2016	1,162,038
Additions	<u>38,831</u>
At 31 December 2016	<u>1,200,869</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>1,200,869</u>
At 31 December 2015	<u>1,162,038</u>

In accordance with FRS 102, investment properties are shown at fair value and are not subject to depreciation. The value of the properties at the balance sheet date has been assessed by the Committee of Management who do not consider there to have been a material change in market value since the properties were purchased in 2010 when an independent valuation was carried out by the vendor. The properties purchased during 2012 are included at cost and the Board consider this to be reflective of the open market value at the balance sheet date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**20. STOCKS**

	<b>Group</b>		<b>Society</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Stocks	<u>520,753</u>	<u>353,236</u>	<u>394,850</u>	<u>278,044</u>

**Group**

Stock amounts recognised within expenditure for the current period are £2,418,802 (2015: £1,234,071).

**Society**

Stock amounts recognised within expenditure for the current period are £1,348,017 (2015: £959,564).

**21. DEBTORS**

	<b>Group</b>		<b>Society</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	8,989,892	8,854,547	8,253,783	8,595,466
Other debtors	15,234,623	13,467,982	14,905,313	14,526,224
Loans to employees	106,412	76,632	106,412	76,632
Accrued income	181,209	45,870	2,147	26,251
Prepayments	1,431,097	2,246,099	1,251,521	1,811,350
Amounts receivable on long term contracts	3,866,664	2,047,356	3,866,664	2,047,356
Amounts owed by group undertakings	-	-	3,226,675	-
	<u>29,809,897</u>	<u>26,738,486</u>	<u>31,612,515</u>	<u>27,083,279</u>
	<b>Group</b>		<b>Society</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Amounts falling due after more than one year:				
Loans to employees	30,149	17,134	30,149	17,134
Amounts receivable on long term contracts	<u>7,543,667</u>	<u>8,185,811</u>	<u>7,543,667</u>	<u>8,185,811</u>
	<u>7,573,816</u>	<u>8,202,945</u>	<u>7,573,816</u>	<u>8,202,945</u>
	<u>37,383,713</u>	<u>34,941,431</u>	<u>39,186,331</u>	<u>35,286,224</u>

The Society "other debtors" figure of £14,905,313 (2015: £14,526,224) falling due within one year includes the following key items:

- Fees due from local authority clients and other partners not invoiced at the year end amounting to £3,154,649 (2015: £5,396,766);
- GLL Capital developments works in progress amounting to £3,295,363 (2015: £3,759,181);
- Client Capital development works delivered as agents by GLL that had not been recharged at the year end amounting to £8,455,300 (2015: £5,370,275).

The Society "amounts receivable on long term contracts" of £7,543,667 (2015: £8,185,811) relates to Council contract management fees recognised in advance of receipt which are recoverable in more than one year. Under certain contracts, Councils have opted for a "flat line" or "stepped" fee to fit within the Council annual budgets. GLL has agreed to facilitate these cashflow arrangements at a cost where appropriate resulting in these debtors.

No members of the Management Committee are in receipt of loans to employees.

**GREENWICH LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016****22. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Society</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Bank loans (see note 24)	532,395	340,902	241,090	277,302
Other loans (see note 24)	452,099	511,410	69,769	66,451
Trade creditors	4,005,291	4,589,644	2,659,967	4,064,496
Other creditors	14,638,853	11,107,582	14,619,917	11,051,975
Social security and other taxes	3,487,697	2,738,108	3,267,639	2,483,279
Accrued expenses	16,895,611	16,391,859	15,920,601	15,364,108
Receipts in advance	17,273,320	15,472,835	16,974,467	15,472,835
	<u>57,285,266</u>	<u>51,152,340</u>	<u>53,753,450</u>	<u>48,780,446</u>

**Deferred income**

	31.12.16
	£
Deferred income at 1 January 2016	15,472,835
Resources deferred in the year	17,273,320
Amounts released from previous periods	<u>(15,472,835)</u>
	<u>17,273,320</u>

Other Creditors of £14,619,917 (2015: £11,051,975) in the Society accounts includes £1,682,534 (2015: £1,157,123) of 3<sup>rd</sup> party income collected as agent and payable upon receipt of a purchase invoice and £9,011,082 (2015: £7,234,994) accrued surplus share payable to local authority clients under contractual arrangements.

The Society accrual figure of £15,920,601 (2015: £15,364,108) relates to accrued revenue costs for which GLL has yet to be invoiced.

The Society deferred income figure of £16,974,467 (2015: £15,472,835) relates to income received in advanced to be credited to the revenue account in the future as and when appropriate.

**23. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Society</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Bank loans (see note 24)	17,824,823	6,151,908	17,824,823	6,088,308
Other loans (see note 24)	8,303,824	8,580,194	5,205,848	5,239,240
Hire purchase (see note 24)	267,036	410,635	-	-
	<u>26,395,683</u>	<u>15,142,737</u>	<u>23,030,671</u>	<u>11,327,548</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**24. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Society</b>	
	31.12.16	31.12.15	31.12.16	31.12.15
	£	£	£	£
Amounts falling due within one year on demand:				
Bank loans	532,395	292,397	241,090	228,797
Mortgage	-	48,505	-	48,505
Other loans	312,794	336,047	69,769	66,451
Hire purchase	139,305	175,363	-	-
	<u>984,494</u>	<u>852,312</u>	<u>310,859</u>	<u>343,753</u>
Amounts falling due between one and two years:				
Bank loans	235,760	295,853	235,760	232,253
Mortgage	-	49,732	-	49,732
Other loans	5,247,901	3,410,723	5,004,876	69,769
Hire purchase	162,937	153,428	-	-
	<u>5,646,598</u>	<u>3,909,736</u>	<u>5,240,636</u>	<u>351,754</u>
Amounts falling due between two and five years:				
Bank loans	12,728,863	718,018	12,728,863	718,018
Mortgage	-	4,201	-	4,201
Other loans	930,047	5,123,801	200,972	5,123,801
Hire purchase	104,099	257,207	-	-
	<u>13,763,009</u>	<u>6,103,227</u>	<u>12,929,835</u>	<u>5,846,020</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	4,860,200	5,084,104	4,860,200	5,084,104
Other loans	2,125,876	45,670	-	45,670
	<u>6,986,076</u>	<u>5,129,774</u>	<u>4,860,200</u>	<u>5,129,774</u>

In the year ended 31 December 2013 the Society issued a Social Bond. The bond is repayable in 5 years. It ranks pari passu with other unsecured debt and it attracts interest at 5%. This interest is payable annually in arrears at the end of October.

In 2014 the Society took out a Mortgage which is secured as detailed in note 26. This loan is for 25 years and attracts interest at 1.5%. Capital and interest payments are made monthly.

**GREENWICH LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016****25. OPERATING LEASE COMMITMENTS**

Total future minimum lease payments under non-cancellable operating leases are as follows:

Group	Land and buildings		Equipment	
	31.12.16 £	31.12.15 £	31.12.16 £	31.12.15 £
Expiring:				
Within one year	4,259,216	1,194,750	79,174	103,304
Between one and five years	18,076,597	5,141,250	67,678	225,374
In more than five years	55,654,194	14,821,901	52,105	-
	<u>77,990,007</u>	<u>21,157,901</u>	<u>198,957</u>	<u>328,678</u>

Society	Land and buildings		Equipment	
	31.12.16 £	31.12.15 £	31.12.16 £	31.12.15 £
Expiring:				
Within one year	4,259,216	1,194,750	65,437	8,265
Between one and five years	18,076,597	5,141,250	52,105	-
In more than five years	55,654,194	14,821,901	52,105	-
	<u>77,990,007</u>	<u>21,157,901</u>	<u>169,647</u>	<u>8,265</u>

This note reflects the requirements of FRS 102 section 20. For the purposes of the disclosure we have assumed RPI to be 3.0% and calculated the expected lease rent payments in accordance with the terms of the various leases.

The building leases relate mostly to the stand alone facilities acquired over the years. The remaining terms of these building leases range from 7 years to 22 years

**26. SECURED DEBTS**

The following secured debts are included within creditors:

	31.12.16 £	31.12.15 £
Mortgage	-	102,438
Bank loans	18,293,619	6,532,723
Wandsworth Council	343,829	199,388
Hire purchase	406,340	585,998
Other loans	<u>3,684,829</u>	<u>3,468,200</u>
	<u>22,728,617</u>	<u>10,888,747</u>

**Bank loan**

First legal charge held over leasehold property known as Sporthouse, Mayesbrook Park, Lodge Avenue, Dagenham dated 31 January 2014.

**Bank credit facility**

Revolving credit facility agreement secured on properties.

**Wandsworth Council loan**

Charge over equipment held at Wandsworth Library dated 28 March 2014.

**Hire purchase**

Hire purchase debts are secured over the assets to which they relate.

**Other loans**

On 10 April 2012 the charity agreed a loan facility of £318,000 with Taunton Deane Borough Council for the development of its High Ropes Course at Vivary Park. The loan carries interest at 4% per annum and is secured with a fixed and floating charge over the assets of the High Ropes Course. The loan is repayable, in ten equal instalments of £31,800. The amount outstanding at 31 December 2016 was £63,600. Other loans also include a loan of £3,341,000 from Newcastle City Council.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**27. EMPLOYEE BENEFIT OBLIGATIONS**

The Society operates defined benefit pension schemes for some employees. The Society has admitted body status to the pension funds. Contributions to the schemes are charged to the Statements of Financial Activities so as to spread the cost of pensions over employees' working lives with the Society in such a way that the pension cost is a substantial level percentage of future pensionable payroll.

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

**Group**

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Present value of funded obligations	(135,430,000)	(100,291,000)
Fair value of plan assets	<u>90,281,000</u>	<u>78,141,000</u>
	(45,149,000)	(22,150,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(45,149,000)</u>	<u>(22,150,000)</u>
Net liability	<u>(45,149,000)</u>	<u>(22,150,000)</u>

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

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Current service cost	3,291,000	2,508,000
Administrative expenses	76,000	77,000
Net interest cost	842,000	909,000
Losses/(gains) on curtailments and settlements	<u>(1,867,000)</u>	<u>-</u>
	<u>2,342,000</u>	<u>3,494,000</u>
Actual return on plan assets	<u>11,922,000</u>	<u>1,591,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Actuarial (losses)/gains	<u>(23,310,000)</u>	<u>6,553,000</u>
	<u>(23,310,000)</u>	<u>6,553,000</u>
Cumulative amount of actuarial losses	<u>(28,254,991)</u>	<u>(4,944,991)</u>

**GREENWICH LEISURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Defined benefit obligation	(100,291,000)	(71,106,000)
Liabilities acquired on new contract	-	(6,160,000)
Liabilities acquired on subsidiaries	-	(22,305,000)
Current service cost	(3,291,000)	(3,850,000)
Contributions by scheme participants	(1,147,000)	(1,108,000)
Interest cost	(3,746,000)	(3,434,000)
Remeasurements	(32,583,000)	7,487,000
Benefits paid	491,000	213,000
Past service costs	(4,000)	-
Liabilities extinguished on settlements	5,170,000	-
Administration expenses	(29,000)	(28,000)
	<u>(135,430,000)</u>	<u>(100,291,000)</u>

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

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Fair value of scheme assets	78,141,000	50,653,000
Assets acquired on new contract	-	4,644,000
Assets acquired on subsidiaries	-	17,549,000
Contributions by employer	2,653,000	2,858,000
Contributions by scheme participants	1,147,000	1,108,000
Interest on assets	2,904,000	2,525,000
Return on assets less interest	9,277,000	(934,000)
Benefits paid	(491,000)	(213,000)
Settlement prices received	(3,303,000)	-
Administration expenses	(47,000)	(49,000)
	<u>90,281,000</u>	<u>78,141,000</u>

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

	Defined benefit pension plans	
	31.12.16	31.12.15
Equities	65.02%	64.64%
Bonds	12.77%	12.47%
Property	8.62%	8.69%
Cash/other	11.76%	12.14%
Gilts	1.83%	2.06%
	<u>100.00%</u>	<u>100.00%</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

As the Society operates multiple defined benefit schemes, the following table sets out the impact of a small change, in the largest of the schemes (deficit of £27,334,000 at the balance sheet date), in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£ +0.1%	£ 0.0%	£ -0.1%
Adjustment to discount rate			
Present value of total obligation	61,327,000	62,775,000	64,259,000
Projected service cost	2,393,000	2,452,000	2,512,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	64,442,000	62,775,000	61,152,000
Projected service cost	2,515,000	2,452,000	2,391,000

Principal actuarial assumptions at the balance sheet date:

	31.12.16	31.12.15
Discount rate	2.7% - 2.8%	3.4% - 4.0%
Future salary increases	2.4% - 4.5%	3.5% - 4.4%
Future pension increases	2.0% - 2.5%	2.0% - 2.5%
Price increases	2.0% - 2.5%	2.1% - 2.4%

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

	31.12.16	31.12.15	31.12.14	31.12.13	31.12.12
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(135,430,000)	(100,291,000)	(71,106,000)	(57,684,045)	(48,448,056)
Fair value of scheme assets	90,281,000	78,141,000	50,653,000	46,683,302	37,419,912
Deficit	(45,149,000)	(22,150,000)	(20,453,000)	(11,000,743)	(11,028,144)
Experience adjustments on scheme assets	-	969,000	389,000	423,495	(1,294,428)
Experience adjustments on scheme liabilities	-	-	263,000	882,754	-

**Society**

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Present value of funded obligations	(112,528,000)	(79,026,000)
Fair value of plan assets	<u>72,371,000</u>	<u>59,288,000</u>
	(40,157,000)	(19,738,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(40,157,000)</u>	<u>(19,738,000)</u>
Net liability	<u>(40,157,000)</u>	<u>(19,738,000)</u>

**GREENWICH LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016****27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Current service cost	2,742,000	3,117,000
Administrative expenses	66,000	69,000
Net interest cost	752,000	792,000
Liabilities acquired	-	1,516,000
	<u>3,560,000</u>	<u>5,494,000</u>
Actual return on plan assets	<u>10,716,000</u>	<u>1,536,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Actuarial (losses)/gains	<u>(19,219,000)</u>	<u>3,783,000</u>
	<u>(19,219,000)</u>	<u>3,783,000</u>
Cumulative amount of actuarial losses	<u>(26,933,991)</u>	<u>(7,714,991)</u>

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

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Defined benefit obligation	(79,026,000)	(71,106,000)
Liabilities acquired on new contract	-	(6,160,000)
Current service cost	(2,742,000)	(3,117,000)
Contributions by scheme participants	(985,000)	(946,000)
Interest cost	(3,158,000)	(2,921,000)
Remeasurements	(27,529,000)	4,376,000
Benefits paid	941,000	874,000
Administration expenses	(29,000)	(26,000)
	<u>(112,528,000)</u>	<u>(79,026,000)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	31.12.16	31.12.15
	£	£
Fair value of scheme assets	59,288,000	50,653,000
Assets acquired on new contract	-	4,644,000
Contributions by employer	2,360,000	2,426,000
Contributions by scheme participants	985,000	946,000
Interest on assets	2,406,000	2,129,000
Return on assets less interest	8,310,000	(593,000)
Benefits paid	(941,000)	(874,000)
Administration expenses	(37,000)	(43,000)
	<u>72,371,000</u>	<u>59,288,000</u>

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

	Defined benefit pension plans	
	31.12.16	31.12.15
Equities	67.58%	66.15%
Bonds	12.83%	13.75%
Property	8.17%	8.03%
Cash/other	9.42%	9.99%
Gilts	2.00%	2.08%
	<u>100.00%</u>	<u>100.00%</u>

As the Society operates multiple defined benefit schemes, the following table sets out the impact of a small change, in the largest of the schemes (deficit of £27,334,000 at the balance sheet date), in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption:

	£	£	£
	+0.1%	0.0%	-0.1%
Adjustment to discount rate			
Present value of total obligation	61,327,000	62,775,000	64,259,000
Projected service cost	2,393,000	2,452,000	2,512,000
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	64,442,000	62,775,000	61,152,000
Projected service cost	2,515,000	2,452,000	2,391,000

Principal actuarial assumptions at the balance sheet date:

	31.12.16	31.12.15
Discount rate	2.7% - 2.8%	3.4% - 4.0%
Future salary increases	2.4% - 4.5%	3.5% - 4.4%
Future pension increases	2.0% - 2.5%	2.0% - 2.5%
Price increases	2.0% - 2.5%	2.1% - 2.4%

**GREENWICH LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 DECEMBER 2016****27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	31.12.16	31.12.15	31.12.14	31.12.13	31.12.12
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(112,528,000)	(79,026,000)	(71,106,000)	(57,684,045)	(48,448,056)
Fair value of scheme assets	72,371,000	59,288,000	50,653,000	46,683,302	37,419,912
Deficit	(40,157,000)	(19,738,000)	(20,453,000)	(11,000,743)	(11,028,144)
Experience adjustments on scheme assets	-	969,000	389,000	423,495	(1,294,428)
Experience adjustments on scheme liabilities	-	-	263,000	882,754	-

Future employer contribution rates per borough are detailed below:

London Borough of Barnet	17.90% (fixed from 2014/15 to 2019/20)
London Borough of Camden	21.90% (fixed from 2014/15 to 2016/17); 29.00% (fixed from 2017/18 to 2019/20)
Royal Borough of Greenwich	16.50% (fixed from 2014/15 to 2019/20)
CITRUS	25.70% (fixed from 2013/14 to 2015/16); 32.60% (fixed from 2016/17 to 2018/19)
London Borough of Merton	24.20% (fixed from 2014/15 to 2016/17)
Royal County of Berkshire	15.80% (fixed from 2014/15 to 2016/17); 12.00% (fixed for 2017/18)
London Borough of Tower Hamlets	17.70% (fixed from 2014/15 to 2016/17); 20.00% (fixed from 2017/18 to 2019/20)
Wiltshire(scheme 1)	18.10% (fixed from 2014/15 to 2016/17); 16.10%/14.20%/12.20% (fixed from 2017/18 to 2019/20)
Wiltshire(scheme 2)	19.50% (fixed from 2014/15 to 2016/17); 21.70% (fixed from 2017/18 to 2019/20)
London Pension Fund Authority	18.20% (fixed from 2014/15 to 2016/17); 17.70% (fixed from 2017/18 to 2019/20)
Cambridgeshire County Council	24.90% (fixed from 2014/15 to 2016/17); 25.10%/25.40%/25.70% (fixed from 2017/18 to 2019/20)
London Borough of Ealing	16.00% (fixed from 2014/15 to 2016/17); 16.40% (fixed from 2017/18 to 2019/20)

Once again, the volatility of the investment markets and the drop in the discount rate have caused the disclosures under FRS102 section 28 pension liability on the balance sheet to soar.

In 2014, the liability on the balance sheet jumped from £11m to £20.45m and then reduced slightly to £19.8m in 2015 (excluding subsidiaries). This movement was mainly due to the change in the discount rate.

In 2016, the pension's liability as a group doubled from £22.5m to £45m. Again, this is caused by a further drop in the discount rate dictated by the accounting standard FRS102s28.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Conversely, in the same year, the schemes underwent their triennial valuations in order to "reset" the employer contribution rates for the next 3 years. Under this valuation method, the combined position of the various funds amounted to a **SURPLUS of £1.4m** with most schemes showing as being overfunded.

For clarity, these pension disclosures here relate to Defined Benefit schemes GLL is a member of. Most of these are through membership of the Local Government Pension Schemes (LGPS).

Pensions' valuation and disclosure is a difficult and controversial topic and because of the complexities, it is an area that requires further explanation. It is important to appreciate how the LGPS and other DB pension schemes work and how ongoing contributions requirements are calculated to ensure the scheme remain or become fully funded in the long term.

FRS102 section 28 is an accounting standard in relation to the calculation and disclosure of company pension scheme liabilities. It requires that employers make full provision for all pension scheme liabilities on their balance sheet – both in respect of any outstanding employer contributions (there aren't any) and (more significantly) any attributable share of the pension scheme actuarial deficit in respect of defined benefit schemes.

The FRS102 pensions liability calculation used for accounting purposes are based largely on the actuarial Ongoing Basis calculations (such as inflation, life expectancy etc) but crucially differ in one key respect – that of the discount factor used to arrive at net present value of any surplus or deficit. Whereas the "Ongoing Basis" uses estimated actuarial investment returns based on past and expected future performance, the FRS102 calculation uses a return based specifically on AA rated Government gilts. In recent years, the FRS102 calculation has resulted in a significantly lower discount factor than the Ongoing Basis – and therefore much higher net present pension scheme deficits. It is therefore quite common for an organisation like GLL to take on a new local authority contract and a fully funded pension scheme liability under the Ongoing Basis only to find that this gives rise to a significant FRS102 deficit (which needs full provision in the accounts) due to the specific FRS102 discount factor required to be used.

The FRS102 liability is therefore based on the latest tri-annual Ongoing Basis calculations but is re-calculated each year for the purposes of the annual accounts by the scheme actuaries based on prevailing discount factors (AA rated Government gilts). The FRS102 discount factor used dropped in 2014 by 0.9% from 2013 causing a significant increase in the deficit disclosures on the balance sheet for 2014. The discount rate grew by approximately 0.2% from 2014 reducing the deficit slightly for 2015 but then dropped again by a massive 1.2% in 2016 to around 2.8% causing the liabilities to double on paper for accounting purposes.

Future employer contributions are calculated at each tri-annual actuarial valuation. The actuaries calculate the scheme surplus or deficit based on prevailing assumptions around returns, inflation, discount factors, life expectancy etc and then calculate the employer contribution required to a) maintain and provide for current and future pensions and b) reduce any deficit over time. The employer contributions required are communicated to the employers and remain in place until the next tri-annual valuation. For all LGPS, the last tri-annual actuarial valuation was carried out in 2016 and new rates set for 3 years from April 2017.

The employer contribution rates are therefore established by the actuaries on the Ongoing Basis and have no direct linkage to the FRS102 calculations or provisions. To put it another way, a change in the FRS102 provision does not on its own impact the employer contribution.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

A few key points to note:

- GLL is up to date with all required employer contributions in all of its schemes.
- The majority of GLL's employees in Defined Benefit (DB) schemes are members of one of the LGPS schemes under admissions agreements – these are subject to tri-annual actuarial valuations which then establish the actuarial surplus or deficit and the required ongoing employer contribution rates.
- With a number of these schemes, GLL benefits from indemnities from the local authority which means GLL has no liability for any scheme deficit in the event of a termination of the contract which gave rise to the original transfer of staff to GLL. Regardless of these indemnities and because GLL has the risk on fluctuating employer contributions (unless capped), the deficits still have to be disclosed on the balance sheet in accordance with FRS102.
- When GLL secures new contracts, it always takes on a fully funded pension liability calculated under the actuarial Ongoing Basis.
- FRS102 requires a different method of calculating a pension scheme deficit – based on AA rated bond yields rather than actuarial forecast investment returns. Due to this, FRS102 gives rise to significantly higher deficit calculations for accounting purposes – however it is important to understand that FRS102 is not the recognised actuarial method to calculate the necessary contribution rate and almost certainly overstates the actuarial liability in the accounts.
- GLL's required employer contributions only change every three years based on the tri-annual actuarial valuation on the Ongoing Basis. Changes to the annual FRS102 valuation do not impact GLL's employer contribution.
- Government bond yields (on which the FRS102 discount factor calculations are based) are at extremely low levels – this gives rise to higher net present pension scheme deficits. It seems more likely that discount factors will increase rather than decrease further in future – which should mean deficits are more likely to shrink rather than increase. Although it is possible that because of the uncertainties around "Brexit", government bond yields and thus the discount rate used could fall further.
- GLL does have joint and several liability under most LGPSs in which its employees are members – although we believe that the major employer (i.e. the local authority) provides an indemnity to third parties against the failure of other third party employers.

In order to illustrate the differences between the valuation methods, GLL and its subsidiaries commissioned the actuaries to evaluate the position of the funds under both "FRS102" for the accounts and under the "ongoing basis" method and assumptions for DB schemes. The differences are shown below. In addition, as we are now receiving the triennial valuation reports setting the contribution rates for the next 3 years, these figures are also displayed to demonstrate the variances and volatility of the funding positions (where an ongoing basis valuation as at December 2016 was not received, the March 2016 triennial valuation is included for total comparison purposes; where the valuation for the triennial valuation is unknown, it is shown as 0).

Pension Fund (£'000)	FRS102 as at 31/12/16	Ongoing Basis as at 31/12/16	Difference	Triennial Valuation as at 31/03/16
<b>GL</b>				
LPFA	(5,967)	(60)	5,907	65
Royal County of Berkshire LGPS	(1,692)	(273)	1,419	(233)
London Borough of Barnet LGPS	(1,500)	(339)	1,161	(339)
London Borough of Ealing LGPS	(272)	154	426	59
CITRUS Pension Plan	(422)	(561)	(139)	3
London Borough of Camden LGPS	(77)	141	218	138
London Borough of Tower Hamlets LGPS	(378)	(28)	350	20
London Borough of Merton LGPS	(833)	(61)	772	0
Royal Borough of Greenwich LGPS (multiple agreements)	(27,334)	(3,778)	23,556	0
Wiltshire LGPS 1 (Swindon)	(45)	687	732	834
Wiltshire LGPS 2 (Swindon)	(1,316)	216	1,532	624
Northamptonshire LGPS (Cambridge)	(321)	25	346	30
<b>Total</b>	<b>(40,157)</b>	<b>(3,877)</b>	<b>36,280</b>	<b>1,201</b>
<b>Tone</b>				
Devon	0	0	0	0
Somerset	(3,491)	266	3,757	126
<b>Total</b>	<b>(3,491)</b>	<b>266</b>	<b>3,757</b>	<b>126</b>
<b>NCL</b>				
Copeland	(595)	656	1,251	289
South Lakes	(456)	191	647	53
Newcastle 1	(679)	(607)	72	(607)
Newcastle 2	(79)	307	386	307
<b>Total</b>	<b>(1,809)</b>	<b>547</b>	<b>2,356</b>	<b>42</b>
<b>GLL Group Total</b>	<b>(45,457)</b>	<b>(3,064)</b>	<b>42,393</b>	<b>1,369</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**27. EMPLOYEE BENEFIT OBLIGATIONS - continued**

As can be seen by the valuations in the table, the difference is significant and material. It therefore needs to be understood when evaluating GLL's financial position.

The largest difference relates to the Greenwich Scheme. In 2015, The scheme's Actuaries explained the position as follows. These comments are relevant to 2016 results also:

*"The most significant reason for this difference is the change in financial assumptions on the ongoing basis compared to that of the FRS102 basis, in particular that of the discount rate. FRS102 prescribes that the discount rate should be based on market yields at the reporting date of 'high quality corporate bonds' of equivalent currency and term to the employer's liabilities. The discount rate used for all reports was the 23 year point on the Merrill Lynch AA-rated corporate bond yield curve. This method therefore disregards the actual investments of the Fund and assumes that all assets will earn an investment return in line with corporate bonds only.*

*The discount rate used on the ongoing funding basis for each Fund is based on the funding strategy of that Fund. The Royal Borough of Greenwich Pension Fund is invested in a range of different assets, several of which have a higher expected return than that of corporate bonds. As a result the discount rate used on the ongoing funding basis is significantly higher than that on the FRS102 basis, thereby decreasing the value placed on the employer's liabilities. This effectively means, based on the assumptions used on the FRS102 basis, significantly more assets would need to be held by the employer in order to meet the cost of benefits accrued compared to the ongoing funding basis. This is the main reason for the perceived discrepancy.*

It should be noted that the FRS102 reports are for accounting purposes only and are not used to determine contributions to be made from the employer to the Fund, which are based on the ongoing funding position.

**28. CONTINGENT LIABILITIES**

The Society has insurance cover relating to Performance Bonds as at 31 December 2016 of £6,994,000 (2015: £7,300,241)

Included in cash balances is a cash collateral deposit of £60,000 for the benefit of North Somerset Council. This is required under the terms of the service agreement to operate Churchill Leisure Centre and to facilitate the continuity of service in the event of the company ceasing to operate.

**29. CALLED UP SHARE CAPITAL****Group and Society**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.16	31.12.15
		£25	£	£
1,697	Ordinary		<u>42,425</u>	<u>40,075</u>
(2015: 1,603)				

566 shares of £25 each were allotted and fully paid for cash at par during the year. During the year 472 shares (2015: 169 shares) were forfeited and cancelled due to the members having left the Society.

**GREENWICH LEISURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**30. MOVEMENT IN FUNDS**

**Group**

	At 1.1.16 £	Net movement in funds £	Transfers between funds £	At 31.12.16 £
<b>Unrestricted funds</b>				
General funds	32,583,751	1,680,718	(1,772)	34,262,697
Pension liability	(22,150,000)	(22,999,000)	-	(45,149,000)
Share capital	40,075	2,350	-	42,425
	<u>10,473,826</u>	<u>(21,315,932)</u>	<u>(1,772)</u>	<u>(10,843,878)</u>
<b>Restricted funds</b>				
Social bond	73,100	(25,800)	-	47,300
For the Girls, by the girls	-	(1,772)	1,772	-
TDBC Grant	7,225	-	-	7,225
Lottery Funding	71,727	-	-	71,727
Vibe	1,583	-	-	1,583
Community Play (inclusion Reserve)	25,022	-	-	25,022
I am Tower Hamlets	-	93,422	-	93,422
Single status	41,853	-	-	41,853
3G Pitch	93,946	(11,277)	-	82,669
	<u>314,456</u>	<u>54,573</u>	<u>1,772</u>	<u>370,801</u>
<b>TOTAL FUNDS</b>	<u>10,788,282</u>	<u>(21,261,359)</u>	<u>-</u>	<u>(10,473,077)</u>

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

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Movement in funds £
<b>Unrestricted funds</b>				
General funds	245,839,733	(244,159,015)	-	1,680,718
Pension liability	-	311,000	(23,310,000)	(22,999,000)
Share capital	14,150	(11,800)	-	2,350
	<u>245,853,883</u>	<u>(243,859,815)</u>	<u>(23,310,000)</u>	<u>(21,315,932)</u>
<b>Restricted funds</b>				
Social bond	-	(25,800)	-	(25,800)
For the Girls, by the girls	2,125	(3,897)	-	(1,772)
I am Tower Hamlets	112,454	(19,032)	-	93,422
Arts Council	13,500	(13,500)	-	-
3G Pitch	-	(11,277)	-	(11,277)
	<u>128,079</u>	<u>(73,506)</u>	<u>-</u>	<u>54,573</u>
<b>TOTAL FUNDS</b>	<u>245,981,962</u>	<u>(243,933,321)</u>	<u>(23,310,000)</u>	<u>(21,261,359)</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**30. MOVEMENT IN FUNDS - continued****Society**

	At 1.1.16 £	Net movement in funds £	Transfers between funds £	At 31.12.16 £
<b>Unrestricted funds</b>				
General funds	30,559,013	3,726,560	(1,772)	34,283,801
Pension liability	(19,738,000)	(20,419,000)	-	(40,157,000)
Share capital	40,075	2,350	-	42,425
	10,861,088	(16,690,090)	(1,772)	(5,830,774)
<b>Restricted funds</b>				
Social bond	73,100	(25,800)	-	47,300
For the Girls, by the girls	-	(1,772)	1,772	-
I am Tower Hamlets	-	93,422	-	93,422
	73,100	65,850	1,772	140,722
<b>TOTAL FUNDS</b>	<u>10,934,188</u>	<u>(16,624,240)</u>	<u>-</u>	<u>(5,690,052)</u>

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

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Movement in funds £
<b>Unrestricted funds</b>				
General funds	224,561,262	(220,834,702)	-	3,726,560
Pension liability	-	(1,200,000)	(19,219,000)	(20,419,000)
Share capital	14,150	(11,800)	-	2,350
	224,575,412	(222,046,502)	(19,219,000)	(16,690,090)
<b>Restricted funds</b>				
Social bond	-	(25,800)	-	(25,800)
For the Girls, by the girls	2,125	(3,897)	-	(1,772)
Arts Council	13,500	(13,500)	-	-
I am Tower Hamlets	112,454	(19,032)	-	93,422
	128,079	(62,229)	-	65,850
<b>TOTAL FUNDS</b>	<u>224,703,491</u>	<u>(222,108,731)</u>	<u>(19,219,000)</u>	<u>(16,624,240)</u>

**RESTRICTED FUND – SOCIAL BOND**

Grant funding was provided to help with the funding of the issue costs of the Social Bond. These costs are being recognised as resources expended at a constant rate on the carrying amount of the bond.

**RESTRICTED FUND – FOR THE GIRLS, BY THE GIRLS**

National Lottery funding was secured to support the 'for the Girls, by the Girls' project which aims to encourage inactive girls and women aged between 14 and 25 to take part in physical activity

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**30. MOVEMENT IN FUNDS - continued****RESTRICTED FUND – TDBC GRANT**

The grant was received in 2009 as a contribution towards the cost of the new gyms being installed. The balance reduces as the fixed assets are depreciated.

**RESTRICTED FUND – LOTTERY FUNDING**

The funding was received in 2009 as a contribution towards the cost of the new gyms being installed. The balance reduces as the fixed assets are depreciated.

**RESTRICTED FUND – ARTS COUNCIL**

Funding has been received for a Roald Dahl exhibition at libraries run in Lincolnshire.

**RESTRICTED FUND – VIBE**

The fund has arisen through the drawing down of County Council funding to deliver diversionary activities to 13 to 19 year olds in Taunton Deane. These funds cannot be spent in any other way, other than as specified within the funding application to deliver diversionary activities at certain leisure centres.

**RESTRICTED FUND – COMMUNITY PLAY (INCLUSION RESERVE)**

The inclusion fund has arisen through the drawing down of County Council funding to deliver play opportunities to disabled children under the age of 16 in Taunton Deane. These funds cannot be spent in any other way, other than as specified within the funding application to deliver disabled play activities at certain leisure centres.

**RESTRICTED FUND – I AM TOWER HAMLETS**

Increased sport and physical activity participation of the following groups:

Inactive People  
 Women & Girls  
 Young People.  
 Older People (50+ years)  
 People with disabilities

**RESTRICTED FUND – SINGLE STATUS**

The Single Status grant was received from South Hams District Council in 2012 as a contribution towards the costs of harmonising pay and conditions for employees doing equivalent work throughout the council departments. The related costs incurred are set against the fund.

**3G PITCH**

A service level agreement is in place to work in partnership with Lakes Leisure to build a 3G pitch at Ulverston Leisure Centre. The 3G pitch has been capitalised and depreciation will be charged against this fund on an ongoing basis.

**ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Group	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	58,855,094	-	58,855,094
Current assets	59,130,977	370,801	59,501,778
Current liabilities	(57,285,266)	-	(57,285,266)
Long term liabilities	(26,395,683)	-	(26,395,683)
Pension scheme liability	(45,149,000)	-	(45,149,000)
Total net assets	(10,843,878)	370,801	(10,473,077)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**30. MOVEMENT IN FUNDS - continued****ANALYSIS OF NET ASSETS BETWEEN FUNDS****Society**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	51,930,107	-	51,930,107
Current assets	59,180,240	140,722	59,320,962
Current liabilities	(53,753,450)	-	(53,753,450)
Long term liabilities	(23,030,671)	-	(23,030,671)
Pension scheme liability	(40,157,000)	-	(40,157,000)
<b>Total net assets</b>	<b>(5,830,774)</b>	<b>140,722</b>	<b>(5,690,052)</b>

**31. RECONCILIATION OF MOVEMENTS IN FUNDS****Group**

	31.12.16 £	31.12.15 £
Surplus/(deficit) for the financial year	2,046,291	338,215
Pension liabilities assumed on new contract	-	(1,516,000)
Other recognised gains and losses relating to the year (net)	(23,310,000)	6,553,000
Shares issued during the year	14,150	7,725
Shares cancelled during the year	(11,800)	(4,225)
<b>Net addition to funds</b>	<b>(21,261,359)</b>	<b>5,378,715</b>
Opening funds	10,788,282	5,409,567
<b>Closing funds</b>	<b>(10,473,077)</b>	<b>10,788,282</b>

**Society**

	31.12.16 £	31.12.15 £
Surplus for the financial year	2,592,410	1,738,121
Other recognised gains and losses relating to the year (net)	(19,219,000)	3,783,000
Shares issued during the year	14,150	7,725
Shares cancelled during the year	(11,800)	(4,225)
<b>Net addition to funds</b>	<b>(16,624,240)</b>	<b>5,524,621</b>
Opening funds	10,934,188	5,409,567
<b>Closing funds</b>	<b>(5,690,052)</b>	<b>10,934,188</b>

**32. CAPITAL COMMITMENTS**

	<b>Group</b>		<b>Society</b>	
	31.12.16 £	31.12.15 £	31.12.16 £	31.12.15 £
Contracted for but not provided for in the financial statements	-	-	-	-

At 31 December 2016 there was capital expenditure authorised by the committee of management but not contracted for of £2,053,215 (2015: £4,043,987).

## **GREENWICH LEISURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED** **FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **33. ULTIMATE CONTROLLING PARTY**

The Society is controlled by its members, none of whom have any controlling powers over the Society. The day to day running of the Society rests with its Committee of Management.

#### **34. RELATED PARTY DISCLOSURES**

During a previous year certain committee members held social bonds in the Society: Interest on these amounts is paid out annually on 31 October. The following gross interest payments were made during the year:

Mark Sesnan	£500
Christopher Hebblewhite	£100
Matt Perren	£100
Alan Ritchie	£50
William Brown	£300

During the year Greenwich Leisure Limited made payments to Bill Brown, one of the committee members, of £4,500 (2015: £1,000) in relation to services provided to the Society.

During the year Greenwich Leisure Limited made payments on behalf of Tone Leisure Limited of £102,468 (2015: £1,297) which was outstanding at the year end.

During the year Greenwich Leisure Limited made payments on behalf of North Country Leisure Limited of £81,523 (2015: £12,369).

Greenwich Leisure Limited loaned North Country Leisure Limited £3,466,763 (2015: £1,212,000) on which £256,854 (2015: £32,006) had been repaid by the year end and £13,336 (2015: £8,293) interest charged. The balance at the end of the year was £3,223,246 (2015: £1,188,287).

During the year Greenwich Leisure Limited made payments on behalf of Gosling Leisure Limited of £106,290 which was outstanding at the year end.

During the year Greenwich Leisure Limited made payments on behalf of Fitspace Leisure Limited of £488,678/12/16 which was outstanding at the year end.

#### **35. BUSINESS COMBINATIONS**

On 1 June 2016 the Society acquired the assets of Gosling Sports Park Limited for £3,138,994 and the share capital of Gosling Leisure Limited for £3,661,006, a combined total of £6,800,000.

On 1 October 2016 the Society acquired the assets of Sutton Tennis Centre for £6,550,366.

On 1 December 2016 the Society acquired the share capital of Fitspace Group Limited (including Training Room Limited) for £8,867. As part of the transaction, loans totalling £1,268,944 were paid by the Society, making the total consideration £1,277,811.

The split of assets and liabilities are shown below, as are the results of all entities since acquisition:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**35. BUSINESS COMBINATIONS - continued**

	Gosling Sports Park Limited	Gosling Leisure Limited	Sutton Tennis Centre	Fitspace Group Limited
<i>Date of acquisition</i>	1 June 2016	1 June 2016	1 October 2016	1 December 2016
<i>Type of acquisition</i>	Assets	Control	Assets	Control
<i>Means of control</i>	Transfer of assets	GLL is the sole member	Transfer of assets	GLL is the sole member
<i>Cost of acquisition</i>	£3,138,994	£3,661,006	£6,550,366	£8,867
<i>Value of acquisition</i>	£3,138,994	£3,661,006	£6,550,366	£8,867

The transfer of assets all happened at fair value and these assets are included within fixed assets as additions during the year.

The purchase of the share capital of Fitspace Limited and Gosling Leisure Limited is shown as an investment in the Society's balance sheet.

	Gosling Sports Park Limited	Gosling Leisure Limited	Sutton Tennis Centre	Fitspace Group Limited
	£	£	£	£
<i>Tangible fixed assets</i>	3,138,994	3,592,348	6,550,366	1,156,458
<i>Stocks</i>	-	23,099	-	-
<i>Debtors</i>	-	120,553	-	465,414
<i>Creditors</i>	-	(74,994)	-	(1,613,005)
<b>Total</b>	<b><u>3,138,994</u></b>	<b><u>3,661,006</u></b>	<b><u>6,550,366</u></b>	<b><u>8,867</u></b>

Surpluses/(deficits) from the date of acquisition to 31 December (excluding and including pension adjustments) were as follows:

	Gosling Leisure Limited	Fitspace Group Limited	Total
	£	£	£
<i>Surplus/(deficit) excluding pension adjustment</i>	38,290	-	38,290

Figures for Gosling Sports Park Limited and Sutton Tennis Centre have not been included as they have been incorporated in to the Income and Expenditure of the Society.

**APPENDIX GREENWICH LEISURE LIMITED**

**SOCIETY STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT & STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

Notes	31.12.16 Unrestricted Funds £	31.12.16 Restricted Funds £	31.12.16 FRS 102 Adjustment Unrestricted £	31.12.16 Total Funds £	31.12.15 Unrestricted Funds £	31.12.15 Restricted Funds £	31.12.15 FRS 102 Adjustment Unrestricted £	31.12.15 Total Funds £
<b>INCOME</b>								
Donations and legacies	29,868	-	-	29,868	425,587	-	-	425,587
<b>Income from charitable activities</b>								
Operation of leisure, recreation sites and health activities	224,366,537	128,079	-	224,494,616	214,499,143	134,191	-	214,633,334
<b>Income from other trading activities</b>								
Investment income	164,857		-	164,857	196,454	-	-	196,454
<b>Total income</b>	224,561,262	128,079	-	224,689,341	215,121,184	134,191	-	215,255,375
<b>EXPENDITURE ON</b>								
<b>Raising Funds</b>								
Investment management costs	24,714	-	-	24,714	24,091	-	-	24,091
<b>Charitable activities</b>								
Operation of leisure, recreation sites and health activities	220,548,581	36,429	1,200,000	221,785,010	210,003,765	134,191	1,552,000	211,689,956
<b>Other expenditure</b>	261,407	25,800	-	287,207	261,407	25,800	-	287,207
<b>Total expenditure</b>	220,834,702	62,229	1,200,000	222,096,931	210,289,263	159,991	1,552,000	212,001,254
<b>Net income/(expenditure) for the year before other recognised gains and losses</b>	3,726,560	65,850	(1,200,000)	2,592,410	4,831,921	(25,800)	(1,552,000)	3,254,121

**APPENDIX GREENWICH LEISURE LIMITED**

**SOCIETY STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT & STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Notes	31.12.16 Unrestricted Funds £	31.12.16 Restricted Funds £	31.12.16 FRS 102 Adjustment Unrestricted £	31.12.16 Total Funds £	31.12.15 Unrestricted Funds £	31.12.15 Restricted Funds £	31.12.15 FRS 102 Adjustment Unrestricted £	31.12.15 Total Funds £
<b>Net income/(expenditure) for the year before other recognised gains and losses</b>	3,726,560	65,850	(1,200,000)	2,592,410	4,831,921	(25,800)	(1,552,000)	3,254,121
<b>Transfers between funds</b>	(1,772)	1,772	-	-	-	-	-	-
Remeasurement gains/(losses) on defined benefit schemes	-	-	(19,219,000)	(19,219,000)	-	-	3,783,000	3,783,000
Pension deficit inherited on new contract	-	-	-	-	-	-	(1,516,000)	(1,516,000)
<b>Net movement in funds</b>	3,724,788	67,622	(20,419,000)	(16,626,590)	4,831,921	(25,800)	715,000	5,521,121
Shares issued	14,150	-	-	14,150	7,725	-	-	7,725
Shares cancelled	(11,800)	-	-	(11,800)	(4,225)	-	-	(4,225)
<b>RECONCILIATION OF FUNDS</b>								
<b>Total funds brought forward</b>	30,599,088	73,100	(19,738,000)	10,934,188	25,763,667	98,900	(20,453,000)	5,409,567
<b>TOTAL FUNDS CARRIED FORWARD</b>	34,326,226	140,722	(40,157,000)	(5,690,052)	30,599,088	73,100	(19,738,000)	10,934,188

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure arises from acquired and continuing activities.