

1610 Limited
Report of the Trustees and
Audited Financial Statements
For the Year Ended 31 March 2012

Registered Charity Number 1130010
Registered Company Number 06727055 (England and Wales)



BJ Dixon Walsh Limited, Statutory Auditor
Chartered Accountants
Rumwell Hall
Rumwell
Taunton
Somerset
TA4 1EL

1610 Limited

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1610 Limited

Reference and Administrative Information
For the Period Ended 31 March 2012

TRUSTEES:	Ms D Nunn Mr T Hawkins Mr M Winlow Mr J Sladden	
SECRETARY:	Ashfords LLP Ms H Lang	(Resigned 29 June 2011) (Appointed 29 June 2011)
REGISTERED OFFICE	Hestercombe House Cheddon Fitzpaine Taunton Somerset TA2 8LG	
REGISTERED COMPANY NUMBER:	06727055 (England and Wales)	
REGISTERED CHARITY NUMBER:	1130010	(From 5 June 2009)
AUDITORS:	BJ Dixon Walsh Limited, Statutory Auditors Chartered Accountants Rumwell Hall Rumwell Taunton Somerset TA4 1EL	
BANKERS	NatWest 49 North Street Taunton Somerset TA1 1LX	
SOLICITORS	Ashfords LLP Ashford Court Blackbrook Park Avenue Taunton TA1 2PX	

1610 Limited

Trustees' Annual Report **For the Year Ended 31 March 2012**

The Trustees, who are also Directors for the purposes of company law, present their report with the financial statements for the year to 31 March 2012.

Our Aims and Objectives

1610 Trust's purposes are defined in the objects set out in the company's memorandum of association and can be summarised as follows:

- The advancement and support of education, cultural services and other related provision through direct management of facilities or related activity programmes.
- The delivery and/or management of leisure and recreation facilities particularly with a focus on provision for hard to reach groups and key target groups that have barriers to participation
- The promotion and delivery of health and wellbeing programmes with an emphasis on sport and physical activity.
- The advancement of PE and sport
- Other charitable proposals that have public benefit which are consistent with the core objectives of the trust.

1610 Trust seeks to deliver high quality services to Somerset and wider South West communities. A core aim is to develop our facilities and programme to improve health, sporting and leisure abilities and participation. Contributing to raising the quality of life for the community and supporting schools in their development of young people.

Managing delivery of our aims.

Senior Managers and the Trustees review the Trust aims, objectives and delivery on an annual basis against the yearly business plan that includes contractual targets and the annual budgets. Each Department of the Trust produces annual work stream plans to enable successful programme delivery and overall development of the Trust business

The Trust manages a series of service contracts in the South West of England:

- A 10 year leisure contract with Somerset County Council for the delivery of wellbeing, leisure and sports programmes in eleven school based dual use leisure sites in Somerset
- A 10 year leisure contract to operate four leisure centres in North Devon for Torridge District Council.
- A 10 year contract with Futures for Somerset to operate two dual use leisure facilities as part of the PFI Building Schools for the Future initiative in Bridgwater, Somerset.
- A 10 year contract to facilitate and develop the South West Regional hub of the National Skills Academy, based in Bridgwater as part of the Sector Skills national programme. This project is a partnership with Skills Active.

Each contract has a comprehensive performance framework that is monitored quarterly / annually by the Trust Board, senior management team and the various contract awarding bodies. In addition the Trust devises and develops other programmes for the core Trust business that are self financing – e.g. sports development, events and outdoor education delivery.

The Trust HQ is at Hestercombe House, near Taunton, a 100 acre estate shared with Hestercombe Gardens Trust.

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Trustees' Annual Report **For the Year Ended 31 March 2012**

Trustees recognise that there is a need to ensure that the Trust observes Charity Commission guidance on public benefit to ensure alignment with activities and the core Trust aims and objectives

How activities deliver public benefit.

1610 serves a largely rural population in the South West of England through a network of leisure facilities. Fifteen of the sites are dual use in nature and this model maximises the use of leisure assets on school sites. This model often provides isolated or small rural communities with access to local sports, health and learning facilities / programmes where there would be insufficient volumes of people to make dedicated leisure centres viable.

Through this network of centres 1610 delivers a diverse programme, often being asked to target hard to reach groups, those that are financially or social excluded, isolated communities or to work in areas with significant deprivation issues.

1610 works with groups and individuals creating many examples of life changing experiences. They are often achieved through using leisure and sport as a catalyst for altering the direction of a person's life or by providing new opportunities for a whole community.

1610 tackles many crossing cutting social issues through leisure and sports offerings e.g. working with partners on crime reduction and diversionary activities offering young people parkour, paintballing, climbing and fitness programmes. This delivery is often in partnership with the public sector agencies, Health Authorities, local authorities and community action groups.

At the simplest level 1610 provides social, recreational, leisure and entertainment activities in Somerset and Devon.

The Focus of Work 2011/2012

2011/12 has been a turbulent, yet exciting year of development and change for 1610. The organisation spent the previous year stabilising and 'bedding in' new internal business systems whilst driving efficiency and growth at centres and in outreach programmes. The global financial crisis and ensuing austerity measures in the UK seriously curtailed the traditional opportunities for the Third Sector from funding grants via Central Government. In general trading there was an air of uncertainty as to how personal finances might be affected by the financial climate and the potential impact on the leisure sector.

Despite the economic backdrop, 1610 Trust has continued to expand and develop. Over the year the Trust attracted just under 750,000 visits to facilities and activity programmes. Approximately 300 community sports clubs and groups used Trust facilities over the past year. There has been a 14% plus growth in membership. The Trust has worked to extend the community leisure / wellbeing programme generating an increase of 200% in usage by the public over the previous years performance in this area of work.

A major change for 1610 in 2011/12 has been a successful strategy to secure new delivery opportunities across the South West region. New leisure contracts have been awarded to the Trust in Somerset, Devon and Dorset over the past year. This growth provides the Trust with the challenges of developing operational capacity to deliver across the wider region, expanding the Trust to manage twenty facilities.

1610 continues to provide a very broad programme of activities to the whole community. Engagement with additional needs groups, schools and numerous third sector agencies representing disability groups has significantly expanded in 2011/12. This area of work has been particularly well led by the 1610 Outdoor Learning Team based at Hestercombe Gardens.

In 2011/12 the Trust has successfully completed two refurbishment projects at leisure facilities on partner school sites. £108,000 was spent at CRESTA swimming pool and £107,000 was committed to development of fitness facilities in West Somerset. Both projects involved external grant and Trust funding. Plans were also established and contracts signed for a £900,000 investment into Preston Academy regenerating existing leisure facilities, to be completed in summer 2012.

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Trustees' Annual Report **For the Year Ended 31 March 2012**

The Trust has continued to seek more efficient methods of operation with the Business Services team leading on work to secure new contracts for utilities and support services.

In November 2011 the Trust re-branded to become 1610 – Active Body, Active Mind. This was the culmination of 9 months work to provide the Trust with a new identity, one that was more easily transferrable to other geographical areas than the previous name of Somerset Leisure. This change has been very well received by the community in Somerset, staff and the leisure sector in general. The relevance and importance of the change is now more evident having secured new 10 year contracts in Devon and Dorset.

Financial Review

Principal Funding Sources

The Trust management team and Trustees have recognised the need to diversify the Trust activities to spread the potential risk of over reliance on a single contract with one Authority. The move to bid and secure new work is aimed at reducing reliance on one funding stream and the Trust success in competitive tendering for new work is a good indicator of the quality and stability of the organisation.

1610 is in year two of delivering the agreed savings packages to Somerset County Council, having now reduced the original contract sum by £150,000 per annum. The management team has worked hard to achieve the growth in programmes, outlined above, and to secure greater business 'back office' efficiencies. These actions have helped absorb the loss of contract revenue and offer great sustainability and financial independence for the future.

The annual financial performance of the Trust shows a small trading loss for the year 2011/12 of £134,022. However there are a number of factors that have created this position. Planned investment in new facilities has reduced the Designated and Restricted funds carried forwards from 2010/11. These investments provide schools and communities with new facilities and have contributed to the increased operational revenue income from increased memberships and wellbeing classes. The investments will add to income in future years and help offset the reductions in management contract fees.

The Trust has had to absorb significant 'one off' set up costs associated with the securing and mobilisation process linked to new contracts. Such costs will be recovered in future years from the surpluses projected to be generated within the new contract 10 year periods. For example, costs for legal fees / professional fees relating to contractual set up costs increased by £109,000 in comparison to 2010/11.

The Trust, like all within the UK Third sector community, has seen a significant reduction in access and income from Government grants and funding opportunities.

A negative movement in the pension fund liability has also impacted on the Trust. The previous years pension surplus has moved to a £497,000 deficit due to the poor performance of investment tools, a reflection of world financial issues.

The end of year position for 1610 remains very positive with total reserves of £525,134 at the close of the 2nd full year of operations.

Investment Policy

Other than making provision for the development and growth of the reserve fund, the vast majority of the Trust's funds will be committed to annual operations. It is unlikely, in the short or medium term, that there will be significant funds for long term investment.

Grants and cash in hand are currently held in a special interest bearing account with NatWest. The Bank offers a basic treasury service to maximise the investment of these funds whilst covering day to day operational business needs.

In 2012/13 the Trust will be establishing a reserve account with NatWest to maximise interest returns on cash that is currently held in reserves.

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Trustees' Annual Report **For the Year Ended 31 March 2012**

Reserves Policy

The Trust Board recognises the requirements to establish a reserve to underpin the main risk of their operations and activities. It is an aspiration to create reserves that equate to 3-6 months of expenditure.

It is understood that whilst this is an aspiration to have significant reserves the likelihood is that it will take several successful years of activity to move towards this target. To ensure that the Trust remains solvent and financial risks are well managed the Trust management team regularly reviews operations and expenditure to ensure that plans are in place to reduce liabilities, if required.

Plans for the Future

2012/13 is in the third full year of operations for 1610. The Board of Trustees and the Trust management team are focussed on consolidating the work around the three new contracts that have been secured in the region. This will be a challenging task and will take up the majority of management capacity available in the coming year.

The main Trust contract with Somerset County Council will continue to be developed and is maturing into a stable operation. The launch of new facilities at Preston Academy in August 2012 will be a highlight event. Coinciding with the London 2012 Olympics, this project demonstrates that the Trust is delivering on one of its original core objectives to bring investment into the Somerset community. It is also the first time the Trust has utilised private sector funding for investment purposes.

The Trust is expanding the community programme with a series of events to promote sport, health and wellbeing. 10k events in Bridgwater and Ansford, a corporate Golf Day, major football tournament, family events at several key sites will be programmed through the year.

Work will continue to develop the new 1610 brand for the Trust and this will involve a roll out of materials and upgrades to Trust sites in Somerset.

Structure, Governance and Management

Governing Document

1610 Ltd is a charitable company limited by guarantee, incorporated on 17 October 2008 and registered as a charity on the 5 June 2009. The company was established under a Memorandum of Association which establishes the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and Appointment to the Trust Board

Directors of the company are also charity Trustees for the purposes of charity law. The Trustees meet as a Board, a minimum of twice yearly. They are elected to serve for 3 years retiring on the third anniversary of their appointment, after which they may be re-elected for a further 3 years.

All Trustees give their time voluntarily and receive no benefits from the Trust, beyond the provisions set out in 5.2 & 5.3 of the Memorandum of Association. No Trustee has retired within 2011/2012 period of operations. Somerset County Council are considering their appointment to the Board which is currently vacant.

In recruiting Board members, the Trust carefully considers the skills required to help provide the appropriate governance for the work being delivered. Education, medicine, leisure, business management and financial skills are currently represented on the Board.

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Trustees' Annual Report **For the Year Ended 31 March 2012**

Trustee Induction and Training.

New Trustees are invited to meet the Senior Management Team members and are given a short induction session(s) - 2 hrs - to advise them on the operations, activities and key personnel within the Trust. These sessions are led by the Chief Executive and other key senior staff and include

- A welcome pack, including materials related to the Trust operations and governance (including the financial accounts), legal status and guidance from the Charity Commission on the responsibilities, obligations and liabilities of becoming a Trustee
- New Trustees are given an opportunity to visit one of the main Trust leisure operations to familiarise themselves with the core work and meet Trust staff.
- New Trustees are also encouraged to contact the Chair of the Trust, a fellow Trustee or the Company Secretary to gain a further insight into the day to day business and ethos of the organisation.
- Trustees are regularly updated on training opportunities at Board sessions.

All Trustees are given a 2 hour induction as part of the Trust Health and Safety policy – this is delivered by our external H&S Consultant and is particularly important given the nature of our core activity as a sport, leisure and activity provider.

Risk Management

The Board is in the process of reviewing the major risks that the Trust will be exposed to in the coming year, particularly in the light of the current political and financial instability within the UK. The Trust SMT has completed training on risk management and will now provide the Board with a risk register at quarterly meetings.

Where appropriate, systems and processes have been put in place to manage and mitigate the risk 1610 might face. For health and safety, external consultants are used to assess operational performance and highlight risk management issues and actions needed. The Trust uses QUEST, a national accredited quality assurance sports framework, to externally assess all aspects of operational performance - highlighting excellence and areas for improvements. At a more strategic level legal and financial risks are identified and mitigated through our work with professional advisers and auditors.

These external checks support periodic reviews at Board level prompting adjustment to operations as risks change or new challenges arise.

Organisational Structure

1610 Trust currently has four Board members. The Board meets four to six times per annum to undertake strategic responsibilities for policy, direction and finance. The Board is serviced by the Company Secretary. In 2011/12 this role was moved in-house and is now undertaken by the Head of Business Services.

Delegation of responsibilities is in place for the daily operations of the Trust, with the Chief Executive, Tim Nightingale, and senior managers having active control. The CEO has responsibility for the delivery of any contractual outcomes, service specification requirements and performance against agreed KPIs. There are clear pathways of delegation from the CEO to senior managers who individually and collectively work with field staff to manage the business across multiple venues in Somerset.

Operational standards are defined in a nationally recognised quality management system that comprehensively documents activities and processes for staff at all levels.

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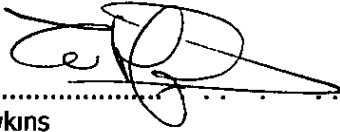
Trustees' Annual Report
For the Year Ended 31 March 2012

Authorisation of Financial Statements

The financial statements were approved by the Board of Trustees and authorised for issue on 31 August ... 2012. In the Trustees' opinion, there were no adjusting or non-adjusting events that existed at the balance sheet date that have taken place since the year end. The Trustees have the power to amend the financial statements after issue.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board of Trustees on 31 August 2012 and signed on their behalf by



.....
T Hawkins

TRUSTEE

1610 Limited

Statement of Trustees' Responsibilities **For the Year Ended 31 March 2012**

The Trustees, who are also Directors of 1610 Limited for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

In so far as the Trustees are aware there is no relevant audit information of which the charitable company's auditors are unaware; and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

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Independent Auditor's Report to the Trustees of 1610 Limited **For the Year Ended 31 March 2012**

We have audited the financial statements of 1610 Limited for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Charity's Trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly, we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 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 Companies Act 2006

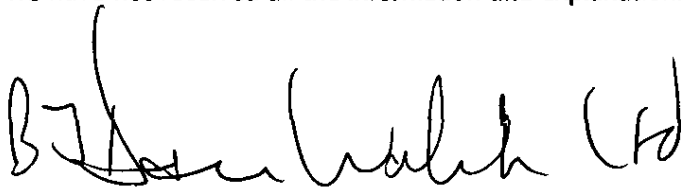
1610 Limited

Independent Auditor's Report to the Trustees of 1610 Limited
For the Year Ended 31 March 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements,
- the charitable company has not kept adequate accounting records;
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'BJ Dixon Walsh (H)'. The signature is fluid and cursive, with the initials 'BJ' clearly visible at the start.

BJ Dixon Walsh Limited, Statutory Auditors

Chartered Accountants
Rumwell Hall
Rumwell
Taunton
Somerset
TA4 1EL

Date: 10/09/2012.....

1610 Limited**Statement of Financial Activities (Incorporating the Income and Expenditure Account)
For the Year Ended 31 March 2012**

	Note	Unrestricted Funds £	Restricted Funds £	Total 31 Mar 12 £	Total 31 Mar 11 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	3	1,750,290	388,068	2,138,358	2,099,859
Activities for generating funds	4	71,055	-	71,055	99,136
Investment Income: Bank Interest		1,830	-	1,830	1,409
Pension Scheme Finance Income		44,000	-	44,000	22,000
Incoming resources from charitable activities	5	2,474,164	2,025	2,476,189	2,134,046
Total incoming resources		<u>4,341,339</u>	<u>390,093</u>	<u>4,731,432</u>	<u>4,356,450</u>
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising trading: costs of goods sold and other costs	4	52,394	-	52,394	67,814
Charitable activities	7	4,249,388	510,574	4,759,962	3,803,169
Governance costs	8	53,098	-	53,098	58,686
Total resources expended		<u>4,354,880</u>	<u>510,574</u>	<u>4,865,454</u>	<u>3,929,669</u>
Net (outgoing)/incoming resources		(13,541)	(120,481)	(134,022)	426,781
Movement on pension indemnity	23	443,000	-	443,000	(324,000)
Pension scheme – past service cost	23	14,000	-	14,000	174,000
Net incoming resources before transfers / net income for the year		443,459	(120,481)	322,978	276,781
Transfers between funds		-	-	-	-
Net incoming resources before other recognised gains and losses		443,459	(120,481)	322,978	276,781
Actuarial (losses)/gains on defined benefit pension scheme	23	(874,000)	-	(874,000)	498,000
Net movement in funds		(430,541)	(120,481)	(551,022)	774,781
Total funds brought forward		900,550	175,606	1,076,156	301,375
Total funds carried forward	18	<u>470,009</u>	<u>55,125</u>	<u>525,134</u>	<u>1,076,156</u>

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

The notes on pages 14 to 30 form part of these financial statements.

1610 Limited**Balance Sheet
As at 31 March 2012**

	Note	2012	2011
		£	£
FIXED ASSETS			
Tangible assets	11	672,577	618,703
CURRENT ASSETS			
Stocks	12	5,592	7,229
Debtors: due within one year	13	286,123	122,505
Cash at bank		<u>468,126</u>	<u>631,249</u>
		759,841	760,983
CREDITORS			
Amounts falling due within one year	14	<u>(670,157)</u>	<u>(494,424)</u>
NET CURRENT ASSETS		<u>89,684</u>	<u>266,559</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		762,261	885,262
CREDITORS			
Amounts falling due after more than one year	15	(183,127)	(147,106)
PENSION (LIABILITY)/ASSET	23	<u>(54,000)</u>	<u>338,000</u>
NET ASSETS		<u>525,134</u>	<u>1,076,156</u>
CAPITAL AND RESERVES			
Unrestricted income funds	17	427,618	242,342
Designated fund	17	<u>96,391</u>	<u>320,208</u>
Unrestricted income funds excluding pension liability		524,009	562,550
Pension reserve	17	<u>(54,000)</u>	<u>338,000</u>
Total unrestricted funds		470,009	900,550
Restricted funds	17	<u>55,125</u>	<u>175,606</u>
TOTAL RESERVES		<u>525,134</u>	<u>1,076,156</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2012.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2012 in accordance with Section 476 of the Companies Act 2006.

The directors' acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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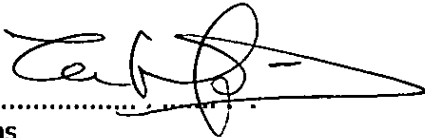
Balance Sheet

As at 31 March 2012

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

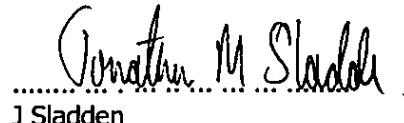
The financial statements have been audited under the requirements of S 144 of the Charities Act 2011.

The financial statements were approved by the Board of Directors on 31/08/2012... .. and were signed on their behalf by:



.....
T Hawkins

TRUSTEE



.....
J Sladden

TRUSTEE

The notes on pages 14 to 30 form part of these financial statements.

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2012**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005), the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006

Incoming resources

All incoming resources are recognised once the Charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of support costs

Cost of generating funds

Cost of generating funds comprises all costs associated with raising additional funds for the Charity through vending and other sales

Charitable activities

Charitable activities comprise all costs directly incurred in undertaking activities to fulfil the Charity's objects, together with any support costs allocated in accordance with the support cost accounting policy as described below.

Governance costs

Governance costs comprise all costs incurred in running the Charity itself as an organisation, and its compliance with regulation and good practice.

Support costs

Administration and head office costs not directly attributable to particular charitable activities are apportioned over the relevant activities pro rata to the value of the income derived from each charitable activity.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Tangible Fixed Assets

Tangible fixed assets costing over £500 are initially recorded at cost. Depreciation is provided at the following annual rates in order to write off the cost less estimate residual value of each asset over its estimated useful life:

Sports equipment:	Cardio equipment	- straight-line over 5 years
	Resistance equipment	- straight-line over 10 years
All other fixtures and equipment:		- straight-line over 5 years

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Notes to the Financial Statements **For the Year Ended 31 March 2012**

1. ACCOUNTING POLICIES *continued*

Stocks

Stocks and work in progress is stated at the lower of cost and net realisable value.

Pension costs and other post retirement benefits

Some employees of the company are members of a defined benefit pension scheme managed by Somerset County Council. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

Pension scheme liabilities are measured on an actuarial basis using projected unit method and are discounted to their present value using AA rated corporate bonds or yields on Government bonds

Pension scheme assets are valued at market value at the balance sheet date

The pension scheme asset/deficit is recognised in full on the balance sheet

Fund accounting

The unrestricted general fund represents the accumulation of the Charity's income and expenditure that has not been earmarked for specific projects and is not considered by the Trustees to be for a restricted purpose. To the extent that the fund is represented by readily realisable assets it provides a means of financing the day-to-day operations.

Designated funds represent amounts set aside by the Trustees for a particular purpose.

Restricted funds represent the funds received by the Charity for particular purposes as directed by the donors.

2. NET INCOMING RESOURCES

	Total 2012	Total 2011
Net incoming resources for the period is stated after charging:	£	£
Depreciation	161,881	140,085
Auditors remuneration	13,787	15,900
Auditors remuneration for non audit work	<u>22,245</u>	<u>27,635</u>

3. VOLUNTARY INCOME

	Unrestricted	Restricted	Total 2012	Total 2011
	£	£	£	£
Grants and donations	137,563	28,440	166,003	535,225
Contributions to Preston refurbishment	-	359,628	359,628	-
Management Fee	1,612,727	-	1,612,727	1,564,634
	<u>1,750,290</u>	<u>388,068</u>	<u>2,138,358</u>	<u>2,099,859</u>

1610 Limited**Notes to the Financial Statements
For the Year Ended 31 March 2012****4. ACTIVITIES FOR GENERATING FUNDS**

	Income from Vending and Bar Sales		Cost of Sales	
	2012	2011	2012	2011
	£	£	£	£
Somerset Contract:				
Caryford	6,064	10,503	4,514	6,987
Castle School	2,692	4,414	1,652	2,797
Chilton Trinity	5,338	11,587	6,030	9,233
Cresta	3,428	6,183	2,284	4,042
Crewkerne	1,090	1,141	706	807
East Bridgwater	1,814	2,724	154	752
Glastonbury	4,170	6,665	2,484	5,132
King Alfred	11,125	14,861	7,396	9,384
Preston	75	309	143	95
Shepton Mallet	22,553	27,538	14,860	16,019
Stanchester	716	1,313	466	952
West Somerset	7,161	11,898	5,774	6,940
Total Somerset contract	66,226	99,136	46,463	63,140
Devon Contract:				
Holsworthy	445	-	(352)	-
Torrige	1,913	-	2,566	-
Torrington	-	-	375	-
Total Devon contract	2,358	-	2,589	-
BSF Contract:				
Trinity	2,464	-	1,992	-
Other sites:				
Dulverton	7	-	-	-
Total Sites	71,055	99,136	51,044	63,140
Corporation tax	-	-	1,350	4,674
Total	71,055	99,136	52,394	67,814

1610 Limited**Notes to the Financial Statements
For the Year Ended 31 March 2012****5. INCOME FROM CHARITABLE ACTIVITIES**

	Membership £	Swimming pool £	Sports and Other Activities £	Other Income £	Total 2012 £	Total 2011 £
Somerset Contract:						
Caryford	71,566	-	30,542	-	102,108	92,500
Castle School	97,976	-	163,728	-	261,704	233,805
Chilton Trinity	68,207	-	120,271	696	189,174	284,441
Cresta	110,123	132,319	105,284	23	347,749	332,697
Crewkerne	7,095	-	55,390	-	62,485	64,199
East Bridgwater	12,146	-	46,170	12	58,328	60,111
Glastonbury	42,553	-	105,975	104	148,632	143,279
King Alfred	116,376	-	90,169	160	206,705	190,009
Preston	-	-	17,570	-	17,570	25,828
Shepton Mallet	142,470	-	163,663	664	306,797	287,547
Stanchester	68,184	-	80,179	-	148,363	145,442
West Somerset	142,876	-	118,648	398	261,922	228,095
	879,572	132,319	1,097,589	2,057	2,111,537	2,087,953
Devon Contract:						
Holsworthy	2,962	22,867	4,447	161	30,437	-
Torrige	16,287	59,933	10,795	3,148	90,163	-
Torrington	185	1,002	4,333	-	5,520	-
	19,434	83,802	19,575	3,309	126,120	-
BSF Contract:						
Trinity	84,907	-	73,979	267	159,153	-
Other Sites/Activities						
Dulverton	17,406	-	1,297	-	18,703	8,831
Hestercombe	-	-	3,318	53	3,371	-
Active Hestercombe	-	-	56,960	-	56,960	37,262
Health & Wellbeing	-	-	345	-	345	-
	17,406	-	61,920	53	79,379	46,093
Total 2012	1,001,319	216,121	1,253,063	5,686	2,476,189	2,134,046
Total 2011	783,325	130,939	1,216,294	3,488	2,134,046	

1610 Limited**Notes to the Financial Statements
For the Year Ended 31 March 2012****6. SUPPORT COSTS**

	Staff Costs £	Premises Costs £	IT and Office Costs £	Legal and Professional Fees £	Finance Costs £	Total 2012 £	Total 2011 £
Somerset Contract:							
Caryford	30,816	12,551	14,826	6,133	1,361	65,687	49,132
Castle School	79,060	32,200	38,036	15,735	3,493	168,524	124,362
Chilton Trinity	57,145	23,274	27,492	11,373	2,524	121,808	151,255
Cresta	105,015	42,771	50,523	20,900	4,639	223,848	176,898
Crewkerne	18,849	7,677	9,068	3,751	833	40,178	34,155
East Bridgwater	17,652	7,189	8,492	3,513	780	37,626	31,999
Glastonbury	44,878	18,278	21,591	8,932	1,983	95,662	76,138
King Alfred	62,456	25,437	30,047	12,430	2,759	133,129	100,987
Preston	5,311	2,163	2,555	1,057	235	11,321	13,729
Shepton Mallet	92,674	37,744	44,585	18,444	4,094	197,541	152,843
Stanchester	44,803	18,248	21,555	8,917	1,979	95,502	77,386
West Somerset	79,135	32,229	38,073	15,749	3,496	168,682	121,301
	<u>637,794</u>	<u>259,761</u>	<u>306,843</u>	<u>126,934</u>	<u>28,176</u>	<u>1,359,508</u>	<u>1,110,185</u>
Devon Contract:							
Holsworthy	9,200	3,747	4,426	1,831	406	19,610	-
Torrige	27,226	11,089	13,098	5,419	1,203	58,035	-
Torrington	1,646	670	792	327	73	3,508	-
	<u>38,072</u>	<u>15,506</u>	<u>18,316</u>	<u>7,577</u>	<u>1,682</u>	<u>81,153</u>	
BSF Contract:							
Trinity	48,095	19,588	23,138	9,572	2,125	102,518	-
Other Sites/Activities:							
Dulverton	5,685	2,315	2,735	1,131	251	12,117	4,652
Hestercombe	1,047	426	504	208	46	2,231	-
Active							
Hestercombe	17,203	7,007	8,277	3,424	760	36,671	19,856
Health & Wellbeing	75	33	35	16	3	162	-
	<u>24,010</u>	<u>9,781</u>	<u>11,551</u>	<u>4,779</u>	<u>1,060</u>	<u>51,181</u>	<u>24,508</u>
Total 2012	<u>747,971</u>	<u>304,636</u>	<u>359,848</u>	<u>148,862</u>	<u>33,043</u>	<u>1,594,360</u>	<u>1,134,693</u>
Total 2011	<u>573,742</u>	<u>206,735</u>	<u>287,562</u>	<u>39,281</u>	<u>27,373</u>	<u>1,134,693</u>	

Support costs have been allocated to the activities pro-rata to the direct charitable income generated by the activity.

1610 Limited

Notes to the Financial Statements For the Year Ended 31 March 2012

7. CHARITABLE ACTIVITIES

	Staff Costs	Premises and Equipment costs	On-site Admin Costs	Other Costs	Total Direct Costs	Support Costs (Note 6.)	Total Expenditure 2012	Total Expenditure 2011
	£	£	£	£	£	£	£	£
Somerset Contract:								
Caryford	102,949	35,048	4,305	1,346	143,648	65,687	209,335	205,328
Castle School	166,735	46,924	6,440	1,968	222,067	168,524	390,591	360,191
Chilton Trinity	129,323	51,492	5,904	1,858	188,577	121,808	310,385	434,616
Cresta	333,316	90,936	24,025	1,388	449,665	223,848	673,513	625,238
Crewkerne	87,200	28,554	4,051	924	120,729	40,178	160,907	131,758
East Bridgwater	64,454	12,973	1,540	194	79,161	37,626	116,787	95,593
Glastonbury	145,041	43,636	7,534	2,343	198,554	95,662	294,216	289,791
King Alfred	142,587	43,511	5,160	1,242	192,500	133,129	325,629	329,085
Preston	14,113	11,470	103	65	25,751	11,321	37,072	37,881
Shepton Mallet	225,415	83,680	9,053	9,208	327,356	197,541	524,897	461,364
Stanchester	104,440	44,849	6,540	1,740	157,569	95,502	253,071	266,620
West Somerset	211,241	70,266	12,034	2,722	296,263	168,682	464,945	432,580
	1,726,814	563,339	86,689	24,998	2,401,840	1,359,508	3,761,348	3,670,045
Devon Contract:								
Holsworthy	17,977	17,785	733	-	36,495	19,610	56,105	-
Torridge	39,949	18,924	2,443	-	61,316	58,035	119,351	-
Torrington Sports Hall	-	1,447	109	238	1,794	3,508	5,302	-
Torrington Swimming Pool	10,753	25	63	16	10,857	-	10,857	-
	68,679	38,181	3,348	254	110,462	81,153	191,615	-
BSF Contract:								
Trinity	107,233	66,432	12,986	423	187,074	102,518	289,592	-

1610 Limited**Notes to the Financial Statements
For the Year Ended 31 March 2012****7. CHARITABLE ACTIVITIES continued**

Other Sites/Activities	Staff Costs		Premises and Equipment costs		On-site Admin Costs		Other Costs		Total Direct Costs		Support Costs (Note 6.)		Total Expenditure 2012		Total Expenditure 2011	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Dulverton	13,290	8,416	878	40	22,624		12,117	34,741	36,576							
Hestercombe	-	-	-	-	-		2,231	2,231	-							
Active Hestercombe	61,672	13,935	3,605	2,228	81,440		36,671	118,111	96,548							
Health & Wellbeing	-	-	-	-	-		162	162	-							
Learning Revolutions	-	2,420	-	-	2,420		-	2,420	-							
Marketing	-	-	114	-	114		-	114	-							
	74,962	24,771	4,597	2,268	106,598		51,181	157,779	133,124							
Preston refurbishment	-	359,628	-	-	359,628		-	359,628	-							
Total 2012	1,977,688	1,052,351	107,620	27,943	3,165,602		1,594,360	4,759,962	3,803,169							
Total 2011	1,961,339	575,587	94,662	36,888	2,668,476		1,134,693	3,803,169								

1610 Limited**Notes to the Financial Statements
For the Year Ended 31 March 2012****8. GOVERNANCE COSTS**

	Unrestricted	Restricted	Total 2012	Total 2011
	£	£	£	£
Staff Costs	17,066	-	17,066	15,151
Legal and professional	-	-	-	-
Auditors' fees: audit services	13,787	-	13,787	15,900
non-audit services	22,245	-	22,245	27,635
	<u>53,098</u>	<u>-</u>	<u>53,098</u>	<u>58,686</u>

9. STAFF COSTS

	Total 2012	Total 2011
	£	£
Salaries and wages	2,392,236	2,218,209
Social security costs	138,067	123,442
Pension costs	137,781	140,371
	<u>2,668,084</u>	<u>2,482,022</u>

One employee's emoluments fell within the band of £60,000 - £69,999, and pension contributions on behalf of this employee amounted to £8,224, (2011. One employee received emoluments of more than £60,000). Some employees are members of a defined benefits pension scheme, details of which are provided at note 23.

The average number of permanent employees during the period, calculated on the basis of full time equivalents, was as follows

	2012	2011
Caryford	4.51	4.22
Castle School	5.19	6.62
Chilton Trinity	3.91	4.08
Cresta	10.81	8.03
Crewkerne	2.20	2.80
East Bridgwater	1.67	1.27
Glastonbury	4.06	4.90
King Alfred	6.82	3.82
Preston	0.38	1.00
Shepton Mallet	7.77	7.77
Stanchester	4.70	5.82
West Somerset	6.50	6.49
Holsworthy	4.50	-
Torridge	11.94	-
Torrington Pool and Sports Hall (staff shared between sites)	3.53	-
Trinity	8.93	-
Dulverton	0.65	0.65
Active Hestercombe	2.50	3.00
Total Direct Staff	<u>90.57</u>	<u>60.87</u>
Head Office – administration - support	<u>22.55</u>	<u>19.09</u>
	<u>113.12</u>	<u>79.96</u>

In addition to the above permanent employees the company also utilises a number of casual staff at each centre.

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2012**

10. TRANSACTIONS WITH TRUSTEES

During the period, no remuneration has been paid to the Trustees or any persons connected with them. Travelling expenses totalling £786 (2011: £1,229) have been paid to 2 (2011: 2) Trustees

11. FIXED ASSETS

	Fixtures and Equipment £	Motor Vehicles £	Total £
Cost			
At 1 April 2011	842,074	6,264	848,338
Additions	239,165	-	239,165
Disposals	(29,466)	-	(29,466)
At 31 March 2012	<u>1,051,773</u>	<u>6,264</u>	<u>1,058,037</u>
Depreciation			
At 1 April 2011	228,382	1,253	229,635
Charge for the year	160,629	1,253	161,882
Elimination on disposal	(6,057)	-	(6,057)
At 31 March 2012	<u>382,954</u>	<u>2,506</u>	<u>385,460</u>
Net book value			
At 31 March 2012	<u>668,819</u>	<u>3,758</u>	<u>672,577</u>
At 31 March 2011	<u>613,692</u>	<u>5,011</u>	<u>618,703</u>

Included within the net book value of £672,577 (2011: £618,703) is £326,055 (2011: £223,340) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under finance lease agreements amounted to £67,391 (2011: £41,693)

12. STOCKS

	2012 £	2011 £
Trading stock	<u>5,592</u>	<u>7,229</u>

13. DEBTORS: DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	47,509	11,413
Prepayments and accrued income	238,614	111,092
	<u>286,123</u>	<u>122,505</u>

1610 Limited**Notes to the Financial Statements**
For the Year Ended 31 March 2012**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012	2011
	£	£
Trade creditors	125,997	141,311
Social security and other taxes	113,943	107,735
Corporation tax	1,350	3,331
Finance leases	123,754	87,342
Loan	20,326	20,326
Other creditors	25,640	20,163
Accruals and deferred income	259,147	114,216
	<u>670,157</u>	<u>494,424</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Finance leases	176,382	120,034
Loan	6,745	27,072
	<u>183,127</u>	<u>147,106</u>

16. SECURED DEBTS

The following secured debts are included within creditors

	2012	2011
	£	£
Creditors amounts falling due within one year:		
Finance Leases	123,754	87,342
Loans	20,326	20,326
Creditors: amounts falling due after more than one year:		
Finance Leases	176,382	120,034
Loans	6,745	27,072
	<u>327,207</u>	<u>254,774</u>

The finance leases are secured on the assets leased

The loan is secured by Lombard Finance on the IT software and assets it was used to finance.

1610 Limited**Notes to the Financial Statements
For the Year Ended 31 March 2012****17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Tangible fixed assets £	Net current assets/ (liabilities) £	Long term liabilities £	Pension Asset/ (Liability) £	Total £
Restricted Income Funds:					
Living Well	-	-	-	-	-
Active Hestercombe	9,160	-	-	-	9,160
NHS/PCT Obesity	5,401	-	-	-	5,401
Future Jobs Fund	-	-	-	-	-
Gymnastics (Sports England Grant)	5,225	-	-	-	5,225
Cresta Swimming Pool	-	26,121	-	-	26,121
Health and Wellbeing	-	9,218	-	-	9,218
Preston refurbishment	-	-	-	-	-
Total Restricted Funds	19,786	35,339	-	-	55,125
Designated funds:					
Assets transferred from SCC	100,464	(36,541)	-	-	63,923
West Somerset Refurbishment	-	-	-	-	-
Trinity Sinking Fund	-	32,468	-	-	32,468
Total Designated Funds	100,464	(4,073)	-	-	96,391
Unrestricted income funds	552,327	58,418	(183,127)	-	427,618
Pension Reserve	-	-	-	(54,000)	(54,000)
Total Unrestricted Funds	652,791	54,345	(183,127)	(54,000)	470,009
Total funds	672,577	89,684	(183,127)	(54,000)	525,134

Purposes of Restricted Funds

- ♦ The Living Well fund is a project to promote active lifestyles and healthy eating
- ♦ Active Hestercombe is funding received towards the Active Hestercombe activities undertaken in partnership with Hestercombe Gardens Trust to provide outdoor activities and develop health walks within the Gardens.
- ♦ NHS/PCT Obesity fund is for strategic project work related to promoting national physical activity.
- ♦ Future Jobs Fund is funding received towards salary costs.
- ♦ Gymnastics is funding received from Sports England towards the cost of new gymnastics equipment.
- ♦ Cresta Swimming Pool Refurbishment is funding received towards the cost of works undertaken to refurbish the swimming pool at the Cresta leisure centre.
- ♦ Health and Wellbeing funding is used to focus on tackling health inequalities, and improving life through developing health and wellbeing activities in the community. It includes looking into outreach community class ideas, family days, GP referrals and Cardiac rehab provisions across all sites.
- ♦ Preston funds represent contributions received towards refurbishments at the Preston site

1610 Limited

Notes to the Financial Statements For the Year Ended 31 March 2012

18. MOVEMENT IN FUNDS

	Balance at 01.04.11 £	Incoming resources £	Resources expended £	Other movements £	Transfers £	Actuarial losses £	Balance at 31.03.12 £
Living Well	68,658	-	(68,658)	-	-	-	-
Active Hestercombe	13,086	-	(3,926)	-	-	-	9,160
NHS/PCT Obesity	31,678	-	(26,277)	-	-	-	5,401
Future Jobs Fund	5,265	15,981	(21,246)	-	-	-	-
Gymnastics (Sports England Grant)	6,919	-	(1,694)	-	-	-	5,225
Cresta Swimming Pool	50,000	-	(23,879)	-	-	-	26,121
Health and Wellbeing	-	14,484	(5,266)	-	-	-	9,218
Preston refurbishment	-	359,628	(359,628)	-	-	-	-
Total Restricted Funds	175,606	390,093	(510,574)	-	-	-	55,125
Assets transferred from SCC	172,362	-	(108,439)	-	-	-	63,923
Cresta Swimming Pool refurbishment	47,846	-	-	-	(47,846)	-	-
West Somerset refurbishment	100,000	-	(65,203)	-	(34,797)	-	-
Trinity sinking fund	-	-	-	-	32,468	-	32,468
Total Designated Funds:	320,208	-	(173,642)	-	(50,175)	-	96,391
General funds	580,342	4,341,339	(4,181,238)	457,000	50,175	(874,000)	373,618
Total Unrestricted funds	900,550	4,341,339	(4,354,880)	457,000	-	(874,000)	470,009
Total funds	1,076,156	4,731,432	(4,865,454)	457,000	-	(874,000)	525,134

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2012**

18. MOVEMENT IN FUNDS continued

Purposes of Designated Funds

The Trustees have set aside the following designated funds

- ♦ Assets transferred from SCC represents the balance of the fixed assets and associated finance that were transferred to the Trust from SCC as part of the initial transfer of leisure centre operations.
- ♦ Cresta Swimming Pool Refurbishment represents the funds committed, in addition to the restricted funds received, towards the cost of the refurbishment of the Swimming Pool at the Cresta leisure centre. Additional funding was obtained for this work, which has been completed during the year, and the designated funds have been release back into general funds.
- ♦ West Somerset Refurbishment represents funding received from West Somerset District Council which the Trustees agreed to set aside to be used to refurbish the West Somerset leisure centre. This work was completed during the year.
- ♦ Trinity sinking fund represents funds set aside in respect of future maintenance of the new Trinity centre.

19. CAPITAL COMMITMENTS

	2012	2011
	£	£
Contracted but not provided for in the financial statements	<u>518,000</u>	<u>97,846</u>
Such works being currently undertaken		

20. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and Buildings		Other Operating Leases	
	2012	2011	2012	2011
	£	£	£	£
Expiring:				
Within one year	7,832	7,832	4,122	-
Between one and five years	-	-	474	2,655
In more than five years	-	-	-	-
	<u>7,832</u>	<u>7,832</u>	<u>4,596</u>	<u>2,655</u>

21. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and has no authorised or issued share capital. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

22. ULTIMATE CONTROLLING PARTY

As a company limited by guarantee, the company is not under the control of any one individual. All decisions are taken by the Board of Directors who are the members of the company.

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2012**

23. EMPLOYEE BENEFIT OBLIGATIONS

Part of the transfer of the leisure centre operations on 31 July 2009 from Somerset County Council to 1610 Limited included the transfer of employees and their associated pension benefit obligations. As part of the transfer agreement the defined benefit pension obligations in respect of transferred employees became the responsibility of 1610 Limited. However Somerset County Council have provided an indemnity to the company up to the value of the relevant defined benefit pension fund deficit at the date of transfer. The pension fund deficit at the transfer date was valued by independent actuaries Barnett Waddingham, and amounted to £443,000. The pension fund at the balance sheet date was a deficit of £497,000 (2011: an asset of £338,000), and hence the balance of the indemnity recognised against this deficit at the balance sheet date is £443,000 (2011: nil) as shown below.

The assets of the defined benefit scheme are held separately from those of the company and comprise segregated funds of the Somerset County Council Pension Fund in respect of pension benefits provided by the Local Government Pension Scheme (LGPS) to employees of 1610 Limited. The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2007/08, as amended. It is contracted out of the State Second Pension. The scheme is now closed to new members.

The employer contributions expected to be paid to the scheme during the year ending 31 March 2013 are £122,000.

The amounts recognised in the balance sheet are as follows:

	Defined Benefit Pension Plans	
	2012	2011
	£	£
Present value of funded obligations	(2,743,000)	(1,778,000)
Fair value of plan assets	2,246,000	2,116,000
Pension Fund (liability)/asset	(497,000)	338,000
Indemnity	443,000	-
Net pension (liability)/asset	<u>(54,000)</u>	<u>338,000</u>

As part of the transfer of operations from Somerset County Council (SCC) on 31 July 2009, SCC have agreed to provide indemnity against the pension fund deficit up to the amount of the deficit at the transfer date. At the transfer date there was a deficit on the pension fund of £443,000, at the balance sheet date this has become a liability of £497,000 (2011: asset of £338,000).

Movement on pension indemnity:

	2012	2011
	£	£
Pension indemnity brought forward	-	324,000
Movement in indemnity	443,000	(324,000)
Pension indemnity at 31 March 2012	<u>443,000</u>	<u>-</u>

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2012**

23. EMPLOYEE BENEFIT OBLIGATIONS – continued

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

	Defined Benefit Pension Plans	
	2012	2011
	£	£
Opening defined benefit obligation	1,778,000	1,959,000
Current service cost	144,000	171,000
Past service cost	(14,000)	(174,000)
Contributions by scheme participants	66,000	72,000
Interest costs	110,000	112,000
Actuarial losses/(gains)	762,000	(418,000)
Losses on curtailments	-	-
Benefits paid	(103,000)	56,000
Unfunded payments	-	-
	<u>2,743,000</u>	<u>1,778,000</u>

Changes in the fair value of scheme assets are as follows

	Defined Benefit Pension Plans	
	2012	2011
	£	£
Opening value of scheme assets	2,116,000	1,635,000
Contributions by employer	125,000	139,000
Contributions by scheme participants	66,000	72,000
Expected return	154,000	134,000
Actuarial gains/(losses)	(112,000)	80,000
Benefits paid	(103,000)	56,000
	<u>2,246,000</u>	<u>2,116,000</u>

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI)

In the year ended 31 March 2011 this had the effect of reducing 1610 Limited's liabilities in Somerset County Council Pension Fund by £174,000 and was recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement.

**Notes to the Financial Statements
For the Year Ended 31 March 2012****23. EMPLOYEE BENEFIT OBLIGATIONS – continued**

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

	Defined Benefit Pension Plans	
	2012	2011
	£	£
Included in Incoming Resources:		
Interest cost	110,000	112,000
Expected return	(154,000)	(134,000)
Included in resources expended:		
Current service cost	144,000	171,000
Past service cost	(14,000)	(174,000)
Net expenditure/(income)	<u>86,000</u>	<u>(25,000)</u>
Included in actuarial gains:		
Actuarial (losses)/gains	<u>(874,000)</u>	<u>498,000</u>
Actual return on plan assets	<u>44,000</u>	<u>109,000</u>
Cumulative amount of actuarial (losses)/gains	<u>(176,000)</u>	<u>699,000</u>

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

	Defined Benefit Pension Plans	
	2012	2011
Equities	71%	74%
Gilts	6%	6%
Bonds	13%	12%
Property	9%	7%
Cash	1%	1%
	<u>100%</u>	<u>100%</u>

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

	Defined Benefit Pension Plans	
	2012	2011
Discount rate	4.6%	5.5%
Future salary increases	3.7%	3.5%
Future pension increases	2.5%	2.7%
Consumer Price Index price increases	2.5%	2.7%
Retail Price Index price increases	3.3%	3.5%

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2012**

23. EMPLOYEE BENEFIT OBLIGATIONS – continued

Expected returns on assets were assumed to be:

	Defined Benefit Pension Plans	
	2012	2011
Equities	6.6%	7.7%
Gilts	3.3%	4.4%
Bonds	4.6%	5.5%
Property	5.7%	6.8%
Cash	3.0%	3.0%

Demographic / statistical assumptions:

A set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2010 for SCC were adopted. The post retirement mortality tables adopted were the S1PA Heavy series with a 90% multiplier, making allowance for future improvements factors in line with the medium cohort projection with an underpin of 1%.

Amounts for the current and previous periods are as follows, as this is the third period of the company there are no amounts for periods prior to 2010 to be disclosed:

	2012	2011	2010
		£	£
Defined benefit obligation	(2,743,000)	(1,778,000)	(1,959,000)
Fair value of scheme assets	2,246,000	2,116,000	1,635,000
Deficit	(497,000)	338,000	(324,000)
Experience adjustments on scheme liabilities	-	76,000	-
Experience adjustments on scheme assets	(112,000)	80,000	219,000

24. RELATED PARTY TRANSACTIONS

During the year the Trust has paid £1,080 (2011: £1,057) for professional services to Trevor Hawkins Associates Limited. The Trustee, Mr T Hawkins, is also a director of this company. These services have been made in the normal course of business at an arms-length market value.

During the year the Trust has paid £nil (2011: £2,731) for professional services to Business Growth Services, the proprietor of which is Trustee Ms D Nunn. These services have been made in the normal course of business at an arms-length market value.

Ashfords LLP was the Trust's Company Secretary up until 29 June 2011. During the period 01 April 2011 – 29 June 2011 the Trust paid £11,645 (Year ended 31/03/2011: £20,636) to Ashfords LLP for professional services. These services have been made in the normal course of business at an arms-length market value.

25. CONTINGENT LIABILITY

The Trust has guaranteed its payment obligations under a contract for the management of leisure facilities by arranging a performance bond for £70,000. This expires on 21 May 2013.