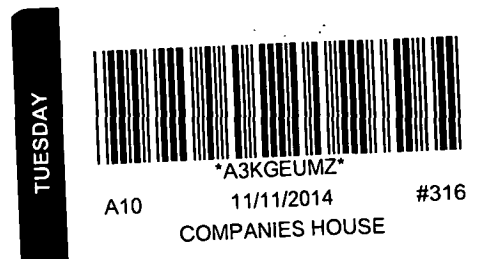


1610 Limited
Report of the Trustees and
Audited Financial Statements
For the Year Ended 31 March 2014

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 2014

TRUSTEES: Mr T Hawkins
Mr M Winlow
Mr J Sladden
Mrs R Bevins (Appointed 4 July 2013)

SECRETARY: Ms J Croughton

REGISTERED OFFICE Hestercombe House
Cheddon Fitzpaine
Taunton
Somerset
TA2 8LG

**REGISTERED COMPANY
NUMBER:** 06727055 (England and Wales)

**REGISTERED CHARITY
NUMBER:** 1130010

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 2014**

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 2014.

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 management of leisure, recreation and sports 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. Discussions are underway with the Charity Commission to remove the geographical restrictions within the charity Memorandum and Articles to enable the development of new delivery opportunities across the UK, Europe and beyond.

The core aims of our work are to develop 1610 facilities and programmes to improve health, sporting / leisure abilities and participation; contribute to raising the quality of life for the general 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.

1610 is now into the second year of the Growth Accelerator programme. A UK Government sponsored business development scheme aimed at supporting the rapid expansion of SMEs. This work is helping to shape a three year business growth strategy for the Trust using a Vision Orbit tool.

The Trust currently 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 with Torridge District Council to operate four leisure centres in North Devon.
- 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.

1610 Limited

Trustees' Annual Report **For the Year Ended 31 March 2014**

- A 10 year contract with West Dorset District Council to operate the £8.5m Dorchester Leisure Centre in Dorset.
- A 10 year contract with Sedgemoor District Council to operate a new £6.5m swimming facility in Bridgwater, Somerset.

Each contract has a comprehensive performance framework that is monitored quarterly / annually by the Trust Board, senior management team and the various contract commissioning 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.

Throughout this work, 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. Sixteen 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, North Devon and West Dorset.

The Focus of Work 2013 / 2014

1610 has had a year of consolidation and infrastructure development following on from the major business growth in 2012/13. The financial impact of the new business on 1610 has been to add a further £1.2m of turnover - up to £7.4m - and to increase the staff number to almost 540 employees.

1610 has almost trebled in size in four years of operation in terms of finance. The workforce size has increased by 33%. In terms of number of facilities the Trust now has twenty sites in the region.

The Trust membership levels continue to increase with over 10,000 monthly paying members signed up to fitness, sport, health and wellbeing provision.

A continued programme development focus for 2013/14 has been the expansion of group exercise, swimming and fitness provision. Major growth has been achieved through investment in equipment and training to enable expansion of the group exercise programme at all facilities.

1610 Limited

Trustees' Annual Report **For the Year Ended 31 March 2014**

Attendances at facilities increased from 1m to 1.3m visits during the year.

1610 continues to maintain a balance between commercial activity and community engagement and delivery. Work with additional needs children and adults saw the further development of programmes such as Hulabaloo and FC1610. The Trust expanded delivery of outdoor learning and team building programmes serving over 80 schools and wider community groups. In particular the Trust has experienced significant demand from secondary schools for programmes to support young people with challenging behaviour or those who have become disengaged from general school life.

In December 2013 the Trust completed a £160k upgrade to facilities in Torridge pool to offer new community fitness facilities and an activity studio.

The growing commercial use of ICT / digital media in direct delivery created the need for investment in online services to the public. A range of ICT products were purchased and deployed for community use in relation to swim lessons, online booking services and social media. 1610 led a national pilot for new App technology to provide mobile online booking of courses and classes.

A further £80k was invested in back office ICT systems. The Trust completed installation of new ICT systems for the management of HR / Payroll functions and will be moving the latter function in-house from 2014/15 onwards.

The rapid growth in size - and complexity - of Trust operations generated a need to review the skill sets available within the existing leadership and 'back office' teams. The Trust recruited new senior personnel to enhance professional management knowledge and capacity in finance and property management. Internal teams have been re-shaped to manage the increased demand.

1610 continued to expand the range and diversity of larger scale community events across the business. The delivery of triathlons, duathlons, three 10k runs, and gymnastics and football tournaments were all well supported and successfully delivered through the year.

1610 also became partners with Macmillan Cancer Charity running events to promote their work with a target aim to raise £20k. In addition 1610 has supported a number of national charity events at the twenty leisure sites that it operates – e.g. Race for Life.

1610 has signed up to a partnership with UKTI to investigate the potential for developing operations outside of the UK. Trade missions to Ireland and South Africa have been successful in developing new potential market opportunities and contacts. This programme offered extensive training for the Senior Leadership Team in developing the business for export, legal issues and marketing skills.

Financial Review

Principal Funding Sources

1610 Trust Board and the Senior Leadership Team continued to seek to diversify and expand the Trust activities to spread the potential risk of over reliance on a small number of contracts within Somerset. A key business objective is to reduce the overall reliance on Council contract subsidies from 28% to 23% of turnover in a three year period to 2017. A 3% reduction towards this target was achieved in 2013/14.

The on-going impact of national austerity measures led to a further request from Somerset County Council to deliver additional efficiency savings across the final five years of their existing contract. 1610 has agreed to a £235k reduction, to be achieved through efficiencies and growth by April 2019.

The annual financial performance of the Trust shows a net positive movement in funds of £159,036 with income up from £6.27m in 2012/13 to £7.47m in 2013/14. This income increase reflects the launch of new contracts, increased income from management fees and growth in membership income. Forward trading is predicted to increase to over £8m for 2014/15.

1610 Limited

Trustees' Annual Report **For the Year Ended 31 March 2014**

As with the previous year, in 2013/14 there was positive movement in the pension fund liability for the SCC contract and the West Dorset contract. The contractual indemnities from both Authorities now adequately cover current existing liabilities. The Trust was required to engage in pension Auto Enrolment from January 2014. This was successfully implemented with a new scheme now in place for eligible employees. It is estimated that this may have a £30k impact on expenditure for 2014/15.

The end of year position for 1610 remains positive, with total reserves of £1,072,334 at the close of the fourth year of trading up from £913,298 in 2012/13. This growth has been achieved after major investment into new contracts, new facilities, new back office systems and an increase to core staffing.

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.

Cash in hand is 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 2013/14 the Trust did increase holdings in the reserve account to £250k, invested with NatWest.

Reserves Policy

The Trustees recognise the requirement to establish a reserves policy; in setting the reserves policy the Trustees have considered the need to manage resources for the benefit of the charity's aims and objectives and to maintain financial stability, taking into account the risks and potential impact in the current economic environment.

At 31 March 2014 unrestricted reserves totalled £1,063,134, of which £34,373 has been designated for future expenditure.

Reserves will be maintained at a level to ensure that sufficient working capital is available to meet on going contractual obligations, with a minimum level of reserves to be set at £600,000. The level represents approximately one month's expenditure and takes into account working capital requirements, future plans and investments and current year growth.

It is accepted that reserves will fluctuate over a period of time, including going below this level as investments are undertaken to improve the infrastructure and capacity.

It is the intention of the trustees that reserves will be built up over a period of time to a higher value, to enable reinvestment at a number of the leisure sites and provide funds for future capital projects and development work. The reserves policy will therefore be reviewed and updated on a regular basis.

Plans for the Future **2014/15**

1610 is now in a position to undertake further expansion and growth having secured new business systems and management expertise to successfully operate current contracts. The Trust is actively seeking new contracts within the leisure market and will be continuing work with UKTI to look at European opportunities. 1610's three year Vision Orbit Strategy sets out the core aims and objectives of the Trust business plan. A key facet is the need to reduce the reliance on local authority subsidies.

Investment in ICT systems will be required in 2014/15 to refresh the website facilities, introduce an Intranet to support internal communications; roll out the mobile app and swim school software packages; re-build and re-launch the EPOS system.

1610 Limited

Trustees' Annual Report **For the Year Ended 31 March 2014**

There is significant growth planned for the Workforce Development Team with opportunities to expand the 1610 Apprenticeship programme / Traineeship delivery and securing regional and national training partners.

1610 has a major project with Whitstone School to invest £500k in new facilities during the autumn of 2014. Further feasibility work will be undertaken on similar projects with two partners schools, planned for the next three years.

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 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

The Company Secretary is Ms Heather Lang

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 an induction as part of the Trust health and safety policy – An annual health and safety update is delivered to the Board in July.

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 SLT has completed training on risk management and will now provide the Board with a risk register at quarterly meetings.

Risk management is a standing item on the monthly SLT agenda.

Where appropriate, systems and processes have been put in place to manage and mitigate the risks 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.

1610 Limited

Trustees' Annual Report **For the Year Ended 31 March 2014**

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 - 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 the South West.

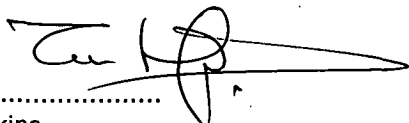
Operational standards are defined in a nationally recognised quality managements system that comprehensively documents activities and processes for staff at all levels.

Authorisation of Financial Statements

The financial statements were approved by the Board of Trustees and authorised for issue on ^{23 July}..... 2014. 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 ^{23 July}..... 2014 and signed on their behalf by:



.....
T. Hawkins

TRUSTEE

1610 Limited

Statement of Trustees' Responsibilities **For the Year Ended 31 March 2014**

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.

1610 Limited

Independent Auditor's Report to the Trustees of 1610 Limited For the Year Ended 31 March 2014

We have audited the financial statements of 1610 Limited for the year ended 31 March 2014 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 Chapter 3 of Part 16 of the Companies Act 2006. 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.

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 2014 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

1610 Limited

Independent Auditor's Report to the Trustees of 1610 Limited
For the Year Ended 31 March 2014

Matters on which we are required to report by exception

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

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



Rory O'Donnell FCA (Senior Statutory Auditor)

For and on behalf of

BJ Dixon Walsh Limited, Statutory Auditor

Chartered Accountants

Rumwell Hall

Rumwell

Taunton

Somerset

TA4 1EL

Date: 21st August 2014

1610 Limited**Statement of Financial Activities (Incorporating the Income and Expenditure Account)
For the Year Ended 31 March 2014**

	Note	Unrestricted Funds £	Restricted Funds £	Total 31 Mar 14 £	Total 31 Mar 13 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	3	2,138,713	10,787	2,149,500	2,285,134
Activities for generating funds	4	201,908	-	201,908	106,298
Investment Income: Bank Interest		3,824	-	3,824	2,397
Pension Scheme Finance Income		4,000	-	4,000	7,000
Incoming resources from charitable activities	5	5,114,335	-	5,114,335	3,869,972
Total incoming resources		7,462,780	10,787	7,473,567	6,270,801
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising trading: costs of goods sold and other costs	4	119,021	-	119,021	44,101
Charitable activities	6	7,185,873	53,459	7,239,332	5,879,470
Governance costs	8	51,178	-	51,178	51,066
Total resources expended		7,356,072	53,459	7,409,531	5,974,637
Net incoming/(outgoing) resources		106,708	(42,672)	64,036	296,164
Movement on pension indemnity	22	(10,000)	-	(10,000)	(107,000)
Net incoming resources before transfers / net income for the year		96,708	(42,672)	54,036	189,164
Transfers between funds		-	-	-	-
Net incoming resources before other recognised gains and losses		96,708	(42,672)	54,036	189,164
Actuarial gains/(losses) on defined benefit pension scheme	22	105,000	-	105,000	199,000
Net movement in funds		201,708	(42,672)	159,036	388,164
Total funds brought forward		861,426	51,872	913,298	525,134
Total funds carried forward	20	1,063,134	9,200	1,072,334	913,298

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 13 to 26 form part of these financial statements.

1610 Limited**Balance Sheet****As at 31 March 2014**

	Note	2014	2013
		£	£
FIXED ASSETS			
Tangible assets	11	993,914	880,863
CURRENT ASSETS			
Stocks	12	27,197	14,238
Debtors: due within one year	13	275,686	536,415
Debtors: due after one year	14	325,433	369,312
Cash at bank		919,924	635,963
		<u>1,548,240</u>	<u>1,555,928</u>
CREDITORS			
Amounts falling due within one year	15	<u>(975,306)</u>	<u>(943,342)</u>
NET CURRENT ASSETS		<u>572,934</u>	<u>612,586</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,566,848</u>	<u>1,493,449</u>
CREDITORS			
Amounts falling due after more than one year	16	(494,514)	(554,151)
PENSION (LIABILITY)	22	<u>-</u>	<u>(26,000)</u>
NET ASSETS		<u>1,072,334</u>	<u>913,298</u>
CAPITAL AND RESERVES			
Unrestricted income funds	20	1,028,761	844,821
Designated fund	20	<u>34,373</u>	<u>42,605</u>
Unrestricted income funds excluding pension liability	20	1,063,134	887,426
Pension reserve	20	<u>-</u>	<u>(26,000)</u>
Total unrestricted funds		<u>1,063,134</u>	<u>861,426</u>
Restricted funds	20	<u>9,200</u>	<u>51,872</u>
TOTAL RESERVES		<u>1,072,334</u>	<u>913,298</u>

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 were approved by the Board of Directors on 23 July..... 2014 and were signed on their behalf by:

.....
T Hawkins
TRUSTEE

.....
J Sladden
TRUSTEE

The notes on pages 13 to 26 form part of these financial statements.

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2014**

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 to charitable activities as detailed in note 7 to the financial statements.

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:

Leasehold improvements:	- straight-line over the remaining lease term
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

Notes to the Financial Statements
For the Year Ended 31 March 2014**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 2014 £	Total 2013 £
Net incoming resources for the period is stated after charging:		
Depreciation	281,536	228,977
Auditors remuneration	10,300	12,954
Auditors remuneration for non audit work	<u>18,808</u>	<u>17,688</u>

3. VOLUNTARY INCOME

	Unrestricted £	Restricted £	Total 2014 £	Total 2013 £
Grants and donations	154,084	10,787	164,871	461,248
Contributions to Preston refurbishment	-	-	-	40,436
Management Fees	1,984,629	-	1,984,629	1,783,450
	<u>2,138,713</u>	<u>10,787</u>	<u>2,149,500</u>	<u>2,285,134</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2014**

4. ACTIVITIES FOR GENERATING FUNDS

	Income from Vending and Bar Sales		Cost of Sales	
	2014 £	2013 £	2014 £	2013 £
Somerset contract	39,457	43,928	17,855	17,251
Devon contract	30,092	28,861	20,326	9,590
BSF Contract	98,471	15,735	58,644	14,120
Dorset Contract	33,870	17,771	16,905	3,138
Activities	18	3	5,291	-
Total Sites	201,908	106,298	119,021	44,099
Corporation tax	-	-	-	2
Total	201,908	106,298	119,021	44,101

5. INCOME FROM CHARITABLE ACTIVITIES

	Membership £	Swimming pool £	Sports and Other Activities £	Other Income £	Total 2014 £	Total 2013 £
Somerset contract	1,006,746	152,238	966,618	37,395	2,162,997	2,069,967
Devon contract	229,460	443,874	94,125	3,536	770,995	743,731
BSF Contract	544,702	348,749	186,913	-	1,080,364	532,157
Dorset contract	495,981	358,345	160,486	340	1,015,152	442,446
Activities	16,391	-	68,430	6	84,827	81,671
Total 2014	2,293,280	1,303,206	1,476,572	41,277	5,114,335	3,869,972
Total 2013	1,634,418	846,935	1,383,842	4,777	3,869,972	

1610 Limited

Notes to the Financial Statements For the Year Ended 31 March 2014

6. CHARITABLE ACTIVITIES

	Staff Costs	Premises and Equipment costs	On-site Admin Costs	Other Costs	Total Direct Costs	Support Costs (Note 7.)	Total Expenditure 2014	Total Expenditure 2013
	£	£	£	£	£	£	£	£
Somerset contract	1,664,927	735,493	358,155	57,443	2,816,018	774,274	3,590,292	3,509,729
Devon contract	575,148	337,311	106,851	17,063	1,036,373	82,111	1,118,484	1,021,622
BSF contract	713,375	195,672	160,654	60,758	1,130,459	56,677	1,187,136	618,264
Dorset contract	672,566	297,962	82,778	16,017	1,069,323	73,754	1,143,077	557,068
Activities	127,086	44,455	16,326	552	188,419	11,924	200,343	132,351
Preston refurbishment	-	-	-	-	-	-	-	40,436
Total 2014	3,753,102	1,610,893	724,764	151,833	6,240,592	998,740	7,239,332	5,879,470
Total 2013	2,692,522	1,249,317	220,825	50,534	4,213,198	1,666,272	5,879,470	

7. SUPPORT COSTS

	Staff Costs	Premises Costs	IT and Office Costs	Legal and Professional Fees	Finance Costs	Total 2014	Total 2013
	£	£	£	£	£	£	£
Somerset contract	666,769	51,285	42,730	10,948	2,542	774,274	1,292,122
Devon contract	52,791	13,987	11,654	2,986	693	82,111	172,862
BSF contract	37,130	9,325	7,769	1,991	462	56,677	76,841
Dorset contract	54,207	9,325	7,769	1,991	462	73,754	124,447
Activities	2,152	4,661	3,885	995	231	11,924	-
Total 2014	813,049	88,583	73,807	18,911	4,390	998,740	1,666,272
Total 2013	811,434	340,927	436,169	49,794	27,948	1,666,272	

Support costs have been allocated to the contracts on the basis of directly relating to a specific contract or apportioned as follows:

Staff costs – based on staff time percentages; Other costs – by number of sites

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2014**

8. GOVERNANCE COSTS

	Unrestricted	Restricted	Total 2014	Total 2013
	£	£	£	£
Staff Costs	21,945	-	21,945	19,884
Legal and professional	125	-	125	540
Auditors' fees: audit services	10,300	-	10,300	12,954
non-audit services	18,808	-	18,808	17,688
	<u>51,178</u>	<u>-</u>	<u>51,178</u>	<u>51,066</u>

9. STAFF COSTS

	Total 2014	Total 2013
	£	£
Salaries and wages	4,016,797	3,052,564
Social security costs	227,442	173,995
Pension costs	240,004	149,185
	<u>4,484,243</u>	<u>3,375,744</u>

One employee's emoluments fell within the band of £80,000 - £89,999, and pension contributions on behalf of this employee amounted to £10,854 (2013: One employee fell within the band of £70,000 - £79,999 and pension contribution for this employee amounted to £9,746).

Some employees are members of a defined benefits pension scheme, details of which are provided at note 22.

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

	2014	2013
Somerset contract	47.33	53.65
Devon contract	21.29	23.67
BSF contract	30.01	21.97
Dorset contract	28.33	19.77
Activities	2.39	3.00
Total Direct Staff	<u>129.35</u>	<u>122.06</u>
Head Office – administration - support	<u>27.60</u>	<u>24.17</u>
	<u>156.95</u>	<u>146.23</u>

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

10. TRUSTEES' REMUNERATION

During the period, no remuneration has been paid to the Trustees or any persons connected with them. Travelling expenses totalling £382 (2013: £934) has been paid to one (2013: 1) Trustee.

1610 Limited**Notes to the Financial Statements
For the Year Ended 31 March 2014****11. FIXED ASSETS**

	Leasehold Property Improvements	Fixtures and Equipment £	Motor Vehicles £	Total £
Cost				
At 1 April 2013	-	1,475,732	6,264	1,481,996
Additions	72,100	338,314	-	410,414
Disposals	-	(42,741)	-	(42,741)
At 31 March 2014	72,100	1,771,305	6,264	1,849,669
Depreciation				
At 1 April 2013	-	597,374	3,759	601,133
Charge for the year	8,011	272,273	1,252	281,536
Elimination on disposal	-	(26,914)	-	(26,914)
At 31 March 2014	8,011	842,733	5,011	855,755
Net book value				
At 31 March 2014	64,089	928,572	1,253	993,914
At 31 March 2013	-	878,358	2,505	880,863

Included within the net book value of £993,914 (2013: £880,863) is £540,526 (2013: £571,005) 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 £156,576 (2013: £141,136).

12. STOCKS

	2014 £	2013 £
Trading stock	27,197	14,238

13. DEBTORS: DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade debtors	30,101	286,510
Other debtors	35,004	2,088
Prepayments and accrued income	210,581	247,817
	275,686	536,415

14. DEBTORS: DUE AFTER ONE YEAR

	2014 £	2013 £
Prepayments due after one year	325,433	369,312

1610 Limited**Notes to the Financial Statements
For the Year Ended 31 March 2014****15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£	£
Trade creditors	198,456	175,024
Social security and other taxes	138,420	125,979
Finance leases	186,028	182,216
Loans	-	6,746
Other creditors	31,906	23,005
Accruals and deferred income	420,496	430,372
	975,306	943,342

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

	2014	2013
	£	£
Finance leases	494,514	554,151

17. SECURED DEBTS

The following secured debts are included within creditors:

	2014	2013
	£	£
Creditors: amounts falling due within one year:		
Finance Leases	186,028	182,216
Loans	-	6,746
Creditors: amounts falling due after more than one year:		
Finance Leases	494,514	554,151
	680,542	743,113

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.

18. OPERATING LEASE COMMITMENTS

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

	Land and Buildings		Other Operating Leases	
	2014	2013	2014	2013
	£	£	£	£
Expiring:				
Within one year	16,164	7,832	20,302	1,798
Between one and five years	-	-	83,064	20,459
In more than five years	-	-	-	5,486
	16,164	7,832	103,366	27,743

**Notes to the Financial Statements
For the Year Ended 31 March 2014****19. CONTINGENT LIABILITY**

The Trust has guaranteed its payment obligations under a contract for the management of leisure facilities by arranging performance bonds for £79,380 and £62,086. These expire on 31 March 2015.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Net current assets/ (liabilities) £	Long term liabilities £	Pension Asset/ (Liability) £	Total £
Restricted Income Funds:					
ODAT	1,308	-	-	-	1,308
NHS/PCT Obesity	-	-	-	-	-
Gymnastics (Sports England Grant)	1,915	-	-	-	1,915
Cresta Swimming Pool	-	-	-	-	-
Health and Wellbeing	-	1,000	-	-	1,000
GAP funding	2,247	-	-	-	2,247
DWP Staffing Funding	-	-	-	-	-
Growth Accelerator Grant	-	-	-	-	-
Access to Work Equipment	2,730	-	-	-	2,730
Total Restricted Funds	8,200	1,000	-	-	9,200
Designated funds:					
Assets transferred from SCC	-	-	-	-	-
Trinity Sinking Fund	-	34,373	-	-	34,373
Total Designated Funds	-	34,373	-	-	34,373
Unrestricted income funds	985,714	537,561	(494,514)	-	1,028,761
Pension Reserve	-	-	-	-	-
Total Unrestricted Funds	985,714	571,934	(494,514)	-	1,063,134
Total funds	993,914	572,934	(494,514)	-	1,072,334

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS continued

Purposes of Restricted Funds

- ◆ Outdoor Activities Team (ODAT) is funding received towards the ODAT 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.
- ◆ 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.
- ◆ GAP funding is for supporting the programme of play schemes in Glastonbury. The money was for purchasing and maintaining equipment to benefit the children.
- ◆ DWP Staffing funding is contributions towards staff post.
- ◆ Growth Accelerator Grant is a grant to cover part of the cost of Leadership training.
- ◆ Access to Work equipment funding is contributions towards ICT equipment for staff use.

Purposes of Designated Funds

The Trustees have set aside the following designated funds:

- ◆ Assets transferred from SCC represent 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.
- ◆ Trinity sinking fund represents funds set aside in respect of future facilities management services of the Trinity centre.

1610 Limited

**Notes to the Financial Statements
For the Year Ended 31 March 2014**

21. MOVEMENT IN FUNDS

	Balance at 01.04.13	Incoming resources	Resources expended	Other movements	Transfers	Actuarial gains	Balance at 31.03.14
	£	£	£	£	£	£	£
ODAT	5,234	-	(3,926)	-	-	-	1,308
NHS/PCT Obesity	3,632	-	(3,632)	-	-	-	-
Gymnastics (Sports England Grant)	3,570	-	(1,655)	-	-	-	1,915
Cresta Swimming Pool	26,121	-	(26,121)	-	-	-	-
Health and Wellbeing	10,563	1,000	(10,563)	-	-	-	1,000
GAP funding	2,752	-	(505)	-	-	-	2,247
DWP Staffing Funding	-	2,275	(2,275)	-	-	-	-
Growth Accelerator Grant	-	4,100	(4,100)	-	-	-	-
Access to Work Equipment	-	3,412	(682)	-	-	-	2,730
Total Restricted Funds	51,872	10,787	(53,459)	-	-	-	9,200
Assets transferred from SCC	9,083	-	(9,083)	-	-	-	-
Trinity sinking fund	33,522	-	-	-	851	-	34,373
Total Designated Funds:	42,605	-	(9,083)	-	851	-	34,373
General funds	818,821	7,462,780	(7,346,989)	(10,000)	(851)	105,000	1,028,761
Total Unrestricted funds	861,426	7,462,780	(7,356,072)	(10,000)	-	105,000	1,063,134
Total funds	913,298	7,473,567	(7,409,531)	(10,000)	-	105,000	1,072,334

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2014**

22. EMPLOYEE BENEFIT OBLIGATIONS

Part of the transfer of the leisure centre operations on 31 July 2009 from Somerset County Council (SCC) 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 has 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 £356,000 (2013: £336,000), and hence the balance of the indemnity recognised against this deficit at the balance sheet date is £356,000 (2013: £336,000).

The employer contributions expected to be paid to the SCC scheme during the year ending 31 March 2015 are £106,000.

Additionally, during the year ended 31 March 2013, 1610 Limited agreed a contract to provide leisure services for West Dorset District Council. Part of this contract 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 from 1 October 2012. However Dorset County Council (DCC) has 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 £147,000. The pension fund at the balance sheet date was a deficit of £117,000 (2013: £173,000), and hence the balance of the indemnity recognised against this deficit at the balance sheet date is £117,000 (2013: £147,000).

The employer contributions expected to be paid to the DCC scheme during the year ending 31 March 2015 are £32,000

The assets of both of these defined benefit schemes are held separately from those of the company and comprise segregated funds of the Somerset County Council Pension Fund and the Dorset 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 amounts recognised in the balance sheet are as follows:

	Defined Benefit Pension Plans	
	2014	2013
	£	£
Present value of funded obligations	(3,768,000)	(3,573,000)
Fair value of plan assets	3,295,000	3,064,000
Pension fund liabilities	(473,000)	(509,000)
Indemnity	473,000	483,000
Net pension liabilities	-	(26,000)

**Notes to the Financial Statements
For the Year Ended 31 March 2014****22. EMPLOYEE BENEFIT OBLIGATIONS – continued**

As detailed above, both SCC and DCC have provided indemnities up to the value of the deficits on the respective schemes at the initial transfer dates.

At the SCC transfer date the SCC pension fund deficit was £443,000 and therefore SCC has agreed to provide an indemnity up to this amount.

The DCC transfer date the DCC pension fund deficit was £147,000 and DCC have agreed to provide an indemnity up to this amount.

At the balance sheet date the position was as follows.

Movement on pension indemnity:

	DCC	SCC	2014	2013
			£	£
Pension indemnity brought forward	147,000	336,000	483,000	443,000
Movement in indemnity	(30,000)	20,000	(10,000)	40,000
Pension indemnity at 31 March	<u>117,000</u>	<u>356,000</u>	<u>473,000</u>	<u>483,000</u>

Pension fund details:

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

	Defined Benefit Pension Plans	
	2014	2013
	£	£
Opening defined benefit obligations	3,573,000	2,743,000
Obligations at transfer date (DCC scheme)	-	405,000
Current service cost	212,000	202,000
Contributions by scheme participants	70,000	67,000
Interest costs	176,000	139,000
Actuarial losses/(gains)	(311,000)	36,000
Benefits paid	<u>48,000</u>	<u>(19,000)</u>
	<u>3,768,000</u>	<u>3,573,000</u>

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

	Defined Benefit Pension Plans	
	2014	2013
	£	£
Opening value of scheme assets	3,064,000	2,246,000
Assets at transfer date (DCC scheme)	-	258,000
Contributions by employer	139,000	131,000
Contributions by scheme participants	70,000	67,000
Expected return	180,000	146,000
Actuarial gains/(losses)	(206,000)	235,000
Benefits paid	<u>48,000</u>	<u>(19,000)</u>
	<u>3,295,000</u>	<u>3,064,000</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2014****22. EMPLOYEE BENEFIT OBLIGATIONS – continued**

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

	Defined Benefit Pension Plans	
	2014	2013
	£	£
Included in Incoming Resources:		
Interest cost	176,000	139,000
Expected return	(180,000)	(146,000)
Included in resources expended:		
Current service cost	212,000	202,000
Past service cost	-	-
Net expenditure/(income)	<u>208,000</u>	<u>195,000</u>
Included in actuarial gains:		
Actuarial gains/(losses)	<u>105,000</u>	<u>199,000</u>
Actual return on plan assets	<u>183,000</u>	<u>382,000</u>
Cumulative amount of actuarial gains/(losses)	<u>128,000</u>	<u>23,000</u>

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

	Defined Benefit Pension Plans – Total	
	2014	2013
Equities	70%	71%
Gilts	6%	9%
Alternative assets	0.5%	-
Absolute Returns Portfolio	0.5%	-
Target Return Portfolio	-	1%
Bonds	11%	10%
Property	10%	8%
Cash	2%	1%
	<u>100%</u>	<u>100%</u>

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

	Defined Benefit Pension Plans	
	2014	2013
Discount rate	4.6%	4.7%
Future salary increases	2.9%	3.8%/4.6%
Future pension increases	2.9%	2.6%
Consumer Price Index price increases	2.9%	2.6%
Retail Price Index price increases	3.7%	3.4%

1610 Limited

Notes to the Financial Statements **For the Year Ended 31 March 2014**

22. EMPLOYEE BENEFIT OBLIGATIONS – continued

Expected returns on assets were assumed to be:

	DCC Scheme 2014	SCC Scheme 2014	DCC Scheme 2013	SCC Scheme 2013
Equities	7.2%	6.9%	6.0%	6.3%
Gilts	3.6%	3.6%	3.0%	3.0%
Total Return Portfolio	-	-	4.5%	-
Alternative assets	7.2%	-	-	-
Absolute Return Portfolio	7.2%	-	-	-
Bonds	4.2%	4.4%	-	4.1%
Property	5.9%	6.0%	4.0%	5.4%
Cash	3.4%	0.5%	0.5%	0.5%

Demographic / statistical assumptions:

A set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2012 were adopted. The post retirement mortality tables adopted were the S1PA tables. These base tables were projected using the CMI 2012 Model, allowing for a long term rate of improvement of 1.5% per annum.

Amounts for the current and previous periods are as follows:

	2014	2013	2012	2011
			£	£
Defined benefit obligation	(3,768,000)	(3,573,000)	(2,743,000)	(1,778,000)
Fair value of scheme assets	3,295,000	3,064,000	2,246,000	2,116,000
Deficit	(473,000)	(509,000)	(497,000)	338,000
Experience adjustments on scheme liabilities	501,000	-	-	76,000
Experience adjustments on scheme assets	(206,000)	(222,000)	(112,000)	80,000

23. RELATED PARTY TRANSACTIONS

The Trustee, Mr T Hawkins, is also a director of Trevor Hawkins Associates Limited.

The Trustee, Mrs R Bevins, is also a director of Rebecca Bevins HR Consultancy Limited.

During the year the Trust has paid £1,303 (2013: £900) to Trevor Hawkins Associates Limited and £5,520 (2013: £nil) to Rebecca Bevins HR Consultancy Limited for professional services. At the balance sheet date the Trust owed £nil (2013: £121) to Trevor Hawkins Associates Ltd.

These services have been made in the normal course of business at an arms-length market value.

24. 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.

25. 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.